DOCUMENT RESUME

ED 164 413 SO 011 416

AUTHOR Johnson, Paul G., Ed.
TITLE Instructional Units to Accompany Economics for Nebraska's Junior High School Students.
INSTITUTION Nebraska State Dept. of Education, Lincoln.
PUB DATE 78
NOTE 209p.; For a related document, see SO 011 415

EDRS PRICE MF-$0.83 HC-$11.37 Plus Postage.
DESCRIPTORS Bibliographies; Capitalism; *Concept Teaching; *Consumer Education; *Course Content; Course Descriptions; Curriculum Guides; Economic Development; *Economic Education; Economic Factors; Educational Objectives; Exports; Financial Policy; Human Resources; Inflation (Economics); Instructional Materials; Junior High School Students; Labor Economics; Learning Activities; Money Systems; Natural Resources; Productivity; Secondary Education; Sequential Programs; Social Studies; Teaching Methods; Teaching Procedures; Unemployment; Units of Study

ABSTRACT

These nine instructional units form the second part of a two-part plan for providing direction for junior high studies in economics. The units cover the first nine of 14 concepts outlined in part one, the concept paper (see SO 011 415). Suitable for both junior high and high school level, each unit comprises a one-week course. All nine units can serve as the basis for a semester course in economics. Titles for the units include Economic Wants, Productive Resources, Scarcity and Choice, Economic Incentives, Interdependence, and the Price Mechanism. Within each unit are commonly designated sections including an abstract, major teaching strategies, generalizations that students should learn, and teaching objectives. Approximately five lessons are outlined in each unit; each lesson provides a list of materials needed, teaching strategies, and a section for teacher's notes. Learning activities include using community resources, tracing wants and needs throughout the life cycle, role playing members of the Chamber of Commerce, and listing expenditures for a "$2500 Give Away." A bibliography, handouts, transparencies, tests, and answer keys are provided in appendices. (KC)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED164413

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

THIS DOCUMENT HAS BEEN REPRODUCED EXACTLY AS RECEIVED FROM THE PERSON OR ORGANIZATION ORIGINATING IT. POINTS OF VIEW OR OPINIONS STATED DO NOT NECESSARILY REPRESENT OFFICIAL NATIONAL INSTITUTE OF EDUCATION POSITION OR POLICY

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

Stan Carlson

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC) AND USERS OF THE ERIC SYSTEM."

INSTRUCTIONAL UNITS

to accompany

ECONOMICS FOR NEBRASKA'S JUNIOR HIGH SCHOOL STUDENTS

Coordinated and edited

by

Paul G. Johnson

SO 011 416

Anne Campbell
Commissioner of Education

Gerald Sughroue
Assistant Commissioner

Royal Henline, Administrator
Curriculum Services

1978

ACKNOWLEDGEMENTS

The Nebraska Department of Education would like to thank the following administrators for cooperating with and supporting their teachers in the development and writing of these nine units.

William Kenagy, Principal
Holdrege Junior High School
Holdrege, Nebraska

Donald Grassmeyer, Principal
Irving Junior High School
Lincoln, Nebraska

Margaret Fitch, Principal
Morton Junior High School
Omaha, Nebraska

Wayne Kaeding, Principal
Beatrice Junior High School
Beatrice, Nebraska

Harley Rector, Principal
Norfolk Junior High School
Norfolk, Nebraska

We would also like to thank the teachers themselves for giving of their time and energy during the busy school year to write these units.

Nebraska State Board of Education

Frank E. Landis, President . . . . . .Lincoln
(District 1)

Dorothy Creigh, Vice-President . . . . . Hastings
(District 5)

James Monahan . . . . . Omaha
(District 2)

Walter M. Thompson . . . . . Oakland
(District 3)

Don H. Lienemann . . . . . Papillion
(District 4)

Margaret Lockwood . . . . . Gering
(District 6)

Marilyn Fowler . . . . . Lexington
(District 7)

Bernard F. Costello . . . . . Omaha
(District 8)

TABLE OF CONTENTS

Introduction

Biographical Sketches of Writers

Unit I: Economic Wants
. . . . . Betty Thompson

Unit II: Productive Resources
. . . . . Nikki Jane Scott

Unit III: Scarcity and Choice
. . . . . Mary Socha

Unit IV: Opportunity Cost and Trade-Offs
. . . . . Nikki Jane Scott

Unit V: Economic Incentives
. . . . . Margaret McPherrin

Unit VI: Specialization, Comparative Advantage and The Division of Labor
. . . . . Coleen Shepler

Unit VII: Interdependence
. . . . . Coleen Shepler

Unit VIII: Markets, Supply, and Demand
. . . . . James Wendland

Unit IX: The Price Mechanism
. . . . . James Wendland

Introduction

There are nine instructional units on economics for the junior high school student in this publication. These units have been designed and written specifically to accompany the economic concept paper, Economics for Nebraska's Junior High School Students.

In the concept paper, fourteen economic concepts have been identified and described. In this publication, however, instructional units have been prepared for only the first nine concepts since it is felt that they are better suited for the junior high level than are the last five concepts in the Economics Concept paper.

Each of these instructional units can stand alone and be taught as a one-week course. These units can also be taught in either a nine-week course in economics or in a semester course. They are so arranged that they do not have to be taught in any particular order although they do range in order from less difficult to more difficult. It is also possible to use these instructional units at the senior high level. The Nebraska Department of Education wants to encourage teachers to use these units wherever they fit into their program best.

Each unit has the same commonly designated sections. For example, an abstract is included for each unit. The major teaching strategies, the major generalizations that students should learn, and the objectives that teachers are to teach to are also included in the material before each lesson.

Generally speaking, there are five lessons in each unit. Each lesson has a descriptive title, a section called "Materials Needed," and one called "Teaching Strategies." Another section is entitled "Teacher's Notes." In "Materials Needed," the writer has listed everything you will need to teach the lesson successfully. In "Teaching Strategies," the teacher is given a step-by-step set of instructions about how to teach the lesson. The teacher who is quite knowledgeable about economics may want to expand on these strategies, and that approach is to be encouraged. The units are meant to be a large framework within which the teacher can teach. Changes to the units can and probably should be made. This can probably best be accomplished by teaching the unit once as it is, while using the section called "Teacher's Notes" to add additional ideas, information, activities, observations, etc. for use the second time the unit is taught.

Near the end of each unit, the writers have provided teachers with a bibliography of materials which they found helpful. If you plan to

investigate the economic concept at great length, you should acquire these materials, although this is not a requirement for the use of these units.

The Appendix for each unit includes almost every handout or transparency that you will need to teach the unit. All you have to do is pull out the appropriate handout, duplicate it, and distribute it to the students. If there are pre-tests and post-tests, the answer key for them is also found in the Appendix.

A few of the transparencies are taken almost verbatim from economics books. Credit has been given to the authors and the publishers for the use of their materials. If you find these transparencies useful, we urge you to purchase the books from which they were taken.

Since we feel that you would like to know something about the writers of these instructional units, we are including short biographical sketches about them in this publication. These sketches are arranged in the same order as the units appear.

We at the Nebraska Department of Education recognize that the teacher who can write an instruction unit for other teachers to use is a rare individual. It takes creative ability and hard work. We owe the teachers who wrote these instructional units an enormous debt of gratitude for they took the time to write these units during the busy months of March and April.

The Nebraska Department of Education would like to encourage anyone who wants to write an instructional unit for any one of the concepts 10-14 to contact me, and I will provide them assistance.

We are publishing and distributing these instructional units on economics with the hope that they can be used to improve the economics instruction in our schools.

Paul G. Johnson, Consultant
History and Social Sciences

BIOGRAPHICAL SKETCHES OF WRITERS

Betty Thompson

Ms. Thompson graduated from Kearney State College, Kearney, Nebraska with a Bachelor of Science degree in Vocational Home Economics. From 1973 through 1976, she taught Home Economics to grades 7-12 in Burwell, Nebraska. Since then she has been teaching Home Economics at Holdrege Junior High School.

For the past two years, she has also taught interior decorating in the Adult Education Program in Holdrege.

Betty is active in the Holdrege Methodist Church where she enjoys teaching Sunday School. She also spends a large part of her summer as a camp counselor.

Betty's hobbies include sewing, refinishing and re-upholstering furniture, raising plants, and anything dealing with arts and crafts such as macrame and decoupage.

Nikki Jane Scott

Nikki Scott is a social studies teacher at Irving Junior High School in Lincoln, Nebraska, where she has taught for the last five years. She is currently teaching seventh grade and is acting as staff development facilitator for Irving.

After graduating from the University of Nebraska-Lincoln in 1971, Nikki began teaching at the Lincoln Learning Center, at which individualized instruction is provided for students who are not able to attend regular school. Nikki was in charge of the social studies program there and helped to prepare materials for use in the social studies area.

Nikki is married to Rex Scott who is a social studies teacher at Everett Junior High School. Nikki also has a nine-year old son named Eric. He attends Hill Elementary School and is a big sports fan.

Nikki's hobbies and leisure time revolve around her family and her work. For example, she enjoys needlework and is a member of Irving's bargello group; she also enjoys working with plants. In addition, she works in her mother's gift shop. Nikki is also interested in the issues which face women in our society.

Mary Ellan Socha

Mary Socha was graduated from the University of Nebraska-Lincoln in 1973 with a B. S. in social sciences. She earned twenty-four hours of her credit from the University of Maryland-European Division.

Mary has lived in England for a year and in Germany for a year and a half while her husband served in the United States Air Force. Presently, Mary is working on her Masters Degree at the University of Nebraska at Omaha.

Mary has taught at Morton Junior High School in Omaha for five years. She has taught English and social studies at the eighth grade level. At present, she is teaching seventh and eighth grade humanities.

Mary's husband is an accountant with an Omaha CPA firm. Her hobbies and special interests include tennis, skiing, bicycling, camping, reading, and travel.

Margaret McPherrin

In August of 1972, Ms. McPherrin graduated from the University of Nebraska-Lincoln with a major in the social sciences. Her first job in education was working as a paraprofessional in the Social Studies Resource Center in the Beatrice Senior High School.

One year later, she moved to the Beatrice Junior High School where she has taught for the past five years. Her teaching assignments have included seventh grade social studies, eighth grade American History, and eighth grade Nebraska History.

Marg's interest in economics stems from teaching a nine-weeks, self-paced economics unit during which the classroom becomes a town. Marg's teaching experience has also included teaching mentally retarded students at the Beatrice Development Center.

In addition to her classroom teaching experiences, Marg has co-sponsored the drill team in the Senior High for two years and the Junior High School Pep Club for four years.

During the 1977-78 school year, Marg has served as chairperson for the junior high school studies department's self-evaluation. Marg also belongs to both the National Council for the Social Studies and the Nebraska

State Council for the Social Studies, as well as to her local and national teachers' associations. At present, she is serving on the negotiations team for 1978-1979.

Outside of school, Marg's main interest is the theater. She is a member of the Beatrice Community Players and has been involved in four productions during the last two years. She also enjoys traveling and plans to return to Europe this summer on a vacation to Germany, Austria, Switzerland, France, and England.

Coleen Shepler

Coleen Shepler is a social studies teacher at Irving Junior High School in Lincoln, Nebraska, where she has taught for the past seven years. Coleen received her M. A. degree in Secondary Education in 1976 from the University of Nebraska-Lincoln. She is a member of the National Council for the Social Studies and Phi Delta Kappa,

She enjoys traveling, golfing, reading, and sewing as hobbies.

James Wendland

James Wendland graduated from Fairbury High School in 1965. He served four years in the United States Navy, including two cruises to Vietnam. In 1975, he graduated from Kansas State University with a B. S. in Education. He expects to begin work toward a Masters' degree this summer at Wayne State College.

James has taught two years of seventh grade social studies at St. Pius X grade school in Omaha where he also coached girls' basketball and track. At present, he has just finished his second year as the eighth grade civics teacher at Norfolk Junior High School where he is also girls' basketball and volleyball coach. He is a member of NCEA, NSEA, and NEA.

James is married and has a three year old daughter. His hobbies include hunting, fishing, stamp collecting, and reading. In addition, he serves as a merit badge counsellor for the Boy Scouts (citizenship badges), and has also served as a Hunter Safety Instructor.

UNIT I

ECONOMIC WANTS

by

Betty Thompson
Holdrege Junior High School
Holdrege, NE

September, 1978

ABSTRACT

The following pages contain a concise one-week unit which is designed to make junior high school students aware of the concepts of wants and needs in our economy. Students will be asked to examine their own economic wants and needs and the importance of these needs and wants to themselves and others. They will also look at how their wants and needs change as they live through the various life cycles. In addition, the effects of people's wants and needs on business will be examined carefully.

TIME REQUIRED

This unit is planned for junior high students who will deal with this topic for approximately five fifty-minute class periods.

MAJOR TEACHING STRATEGIES

The teaching strategies for this unit will consist of class discussion, writing activities, and debate which will include defining, brainstorming, comparing, and generalizing. Also, outside resource people will be used to provide practical information and examples.

MATERIALS NEEDED

The materials needed for this unit are given as a part of each daily lesson plan.

GENERALIZATIONS

When the students have completed this unit, they should be able to make the following generalizations:

1. People in all societies have wants and needs.
2. Wants and needs are not the same for every person.
3. Wants and needs change as a person lives through the life cycles.
4. In our American economy, people satisfy most of their wants and needs by buying goods and services from places of business.

OBJECTIVES

When the students have completed this unit, they should be able

1. To distinguish between wants and needs.
2. To explain how wants and needs differ with each person and how they change throughout the life cycle.
3. To describe how their wants and needs affect business and the American economy in general.

Lesson 1

Learning Basic Economic Terms

Materials Needed

1. The filmstrip "Consumer Choice," The Procter and Gamble Company, Cincinnati, Ohio, 1976.
2. Handout No. 1: Basic Wants and Needs

Teaching Strategies

1. To introduce the unit, show Part One of the filmstrip listed above.
2. On the chalkboard, write the words wants and needs in two separate columns.
3. Now let the class brainstorm to identify some wants and needs for the two lists.

   This session should be spontaneous and should not include any evaluation of ideas. Try to get all students to contribute. Do not allow any longer than ten minutes.
4. Using the ideas arrived at in the brainstorming session, discuss the following questions:
   a. What are the differences between wants and needs?
   b. Why is it sometimes hard to tell the difference between wants and needs?

      Example: You may need a car to get to work, but it may also be a want--or even a luxury--if you use it for visiting friends or for just riding around.
   c. What are some of your wants which if you satisfied would cause you to have other wants?

Teacher's Notes

Teaching Strategies (con't)

Discuss examples of your own experiences or your own family's experiences to support this statement.

5. If time permits, allow students to do Handout No. 1.
   You may also use Handout No. 1 at the end of Lesson 5 for a post-test.
   The answers for Handout No. 1 can be found in the Appendix.
6. If you decide to use Handout No. 1, you must remember that your work thus far has not prepared students to complete this sheet successfully. You will need to provide the resources so that the students can locate the information needed. This may also be made as a library assignment for the students to complete on their own time.

Teacher's Notes

Lesson 2

Changing Wants and Needs

Materials Needed

1. Magazines, catalogs, and newspapers
2. Scissors
3. Handouts Nos. 2 and 3: Wants and Needs

Teaching Strategies

1. If you used Handout No. 1, use the first part of class to discuss it.
2. Give Handout No. 2 to students and ask them to complete it.
   a. How have your wants changed over the years?
   b. How has the American economy been affected by your wants and the changes that have taken place in them?
3. Give students Handout No. 3, and ask them to complete it.
   a. Why are people's wants different?
   b. How is most of their income spent? Is it spent on wants or needs?
4. Have students collect pictures of economic wants and needs.
   a. Pin these pictures to a bulletin board.
   b. Divide the class into groups, and assign each group a stage of the life cycle. Each group will choose those pictures which would best satisfy the economic wants of that age and develop a presentation to justify their selections. This exercise will continue into Lesson 3.

Teacher's Notes

Lesson 3

Wants and Needs Through the Life Cycles

Materials Needed

Transparency A

Teaching Strategies

1. Use the first part of the class period either as a silent time or as a group time for students to organize their thoughts about the activities of the previous class period.
2. Have students complete the presentation which they had begun on the previous day.
3. Use Transparency A to help summarize the points made by each group.

Teacher's Notes

Lesson 4

Community Business and Wants and Needs

Materials Needed

There are no special materials needed for this lesson. However, you will need to invite some resource people to serve as panelists. You should orient them in advance about what you are studying. Give them some hints about how to prepare for their presentation to your students.

Teaching Strategies

1. Invite some parents who own businesses where junior high school students shop to serve as panelists.
   Some of the store owners might be owners of a
   a. variety store.
   b. clothing store.
   c. sports equipment store.
   d. drug store.
2. Ask the panel to consider the following questions:
   a. What are items which junior high school students want to buy?
   b. What are the kinds of items that parents buy for their children in junior high school?
3. Allow students to question members of the panel about their part in providing for the wants and needs of all people in the town.

Teacher's Notes

Lesson 5

Evaluating Knowledge of Economic Wants

Materials Needed

1. Copies of Handout No. 4: Quotations which are given below in the Teaching Strategies
2. Handout No. 5: Evaluation
3. Paper and pencils or pens

Teaching Strategies

1. Ask each student to choose one of the following statements from Handout No. 4: Quotations, and discuss it in writing:
   a. "...He who buys what he doesn't want will soon want that which he cannot buy."
   b. "...He who buys what he doesn't need steals from himself."
2. Save enough time at the end of the class period to discuss orally some of the students' ideas.
3. Or several days in advance, divide the class into debate teams so they may collect their ideas. Then on the last day spent on this unit, debate the above statements.
4. You may want to give Handout No. 1 as a Post-Test. Compare students' Pre-Test scores with their Post-Test scores.
5. Use Handout No. 5: Evaluation and ask each student to also answer the following questions:
   a. What parts of this unit did you enjoy the most?
   b. What parts of this unit did you find the most interesting?

Teacher's Notes

Teaching Strategies (con't)

c. What could your teacher have done to improve this unit?

6. Ask students to respond to the following statements on Handout No. 5:

a. Write one "I learned _____ statement" concerning this unit.

b. Make any additional comments which you feel will help your teacher do a better job of teaching you about economic wants and needs.

Teacher's Notes

BIBLIOGRAPHY

Consumer Choice the Driving Force of a Market Economy, Procter and Gamble Educational Services, Cincinnati, Ohio, 1976.

Consumer Education in an Age of Adaptation, Sears Consumer Information Services, Chicago, Illinois, 1971.

DeBrum, Haines, Malsbary, and Daughtrey. General Business for Economic Understanding. Cincinnati, Ohio: South-Western, 1976.

Dorfman, John. Consumer Survival Kit. N.Y.: Praeger, 1975.

Garman, E. Thomas and Eckert, Sidney, W. The Consumer's World. New York: McGraw-Hill.

Mansfield, Edwin. Economics: Principles, Problems, Decisions. New York: Norton, 1974.

APPENDIX

Unit I

Economic Wants

by

Betty Thompson

HANDOUT NO. 1: BASIC WANTS AND NEEDS

Matching

The following terms should become part of your vocabulary. Place the letter of the correct word in the space at the left of the statement.

a. business	e. economy	i. natural resources
b. capital resources	f. wants	j. needs
c. economic resources	g. goods	k. services
d. economics	h. human resources	l. consumers

____ 1. The study of the production and distribution of goods and services to help satisfy our needs and wants.

____ 2. Those things we must have to stay alive, such as food, clothing, and shelter.

____ 3. Those things which we can live without, but which can add pleasure and comfort to living.

____ 4. The plan that a nation has for making decisions on what to produce and how to distribute goods and services.

____ 5. An establishment that supplies us with goods and services in exchange for a payment of some kind.

____ 6. The tangible things we use in our everyday lives.

____ 7. Those things that we pay others to do for us or to show us how to do.

____ 8. One who buys and uses goods and services.

____ 9. The means or sources of help through which we produce the things we need and want.

____ 10. Materials supplied directly by nature and that are used in producing goods and services.

____ 11. Tools and machinery used to change resources into goods and services.

____ 12. The people who work to produce goods and services.

HANDOUT NO. 2: WANTS AND NEEDS

In the column to the left, list what you considered important when you were young. In the column to the right, list what you consider important today.

FINEST TREAT

Very Young	Teenager

Have your wants changed over the years?_____ If so, when and why

_____

_____

_____

_____

_____

Do you think your wants will continue to change? _____ Why? _____

_____

_____

_____

_____

_____

HANDOUT NO. 3: WANTS AND NEEDS

List below those wants and needs discussed in class yesterday and rank them in their order of importance to you.

Classify purchases you have made during the last month under the two categories listed below.

Wants	Needs

HANDOUT NO. 4: QUOTATIONS

Choose one of the following statements and discuss it in writing.

1. "...He who buys what he doesn't want will soon want that which he cannot buy."

2. "...He who buys what he doesn't need steals from himself."

HANDOUT NO. 5: EVALUATION

Have the students respond the following:

1. What parts of this unit did you enjoy the most?

2. What parts of this unit did you find the most interesting?

3. Write one "I learned _____ statement" concerning this unit.

4. Make any additional comments which you feel will help your teacher do a better job of teaching you about economic wants and needs.

TRANSPARENCY A

Wants and Needs Through the Life Cycles

Baby	Teenager
Child	Adult

ANSWER KEY

Handout No. 1: Basic Wants and Needs

1. economics
2. needs
3. wants
4. economy
5. business
6. goods
7. services
8. consumer
9. economic resources
10. natural resources
11. capital resources
12. human resources

UNIT II

PRODUCTIVE RESOURCES

by

Nikki Jane Scott
Irving Junior High School
Lincoln, Nebraska

September, 1978

ABSTRACT

This unit deals with the concept of productive resources. Because limited productive resources is one of the basic economic problems that any economic system must solve, the concept is tied closely to the idea of unlimited wants and also to the idea of decision-making.

This unit is designed to teach students about limited productive resources and to fit this concept into the framework of economics.

RECOMMENDED LEVEL

This unit was written for use in the junior high. It can be easily adapted to meet the needs of students in grades 7 through 9 by being flexible in the amount of time used for each activity. There generally would be no need to change the activities for a particular grade level, unless the teacher wants to make this revision.

TIME REQUIRED

The unit is basically meant for six days of a 40 to 50 minute period. The activities are designed to be done in the classroom (with the exception of finding a news story and possibly making a visual aid for the oral report). Consequently, the unit can be shortened easily by giving some of the assignments as homework or by discussing some of the written assignments.

The unit can also be lengthened easily by spending more time on each or some of the activities or by adding other suggested activities listed in the Appendix for this unit.

MAJOR TEACHING STRATEGIES

For this particular unit, the variety of teaching strategies is more important than any one strategy. This is a vital factor in keeping the student's attention and interest. All of the following strategies are used: classroom discussion, group research, role playing, observation, recalling, comparison, grouping and labeling (categorizing), drawing inferences, generalizing, etc.

ESSENTIAL ADVANCE PREPARATION AND MATERIALS NEEDED

1. Review the items which are located in the Appendix for this unit.
2. Run off the set of transparencies. Materials are provided in the Appendix.

3. Gather materials for a collage. These include:
   a. a large piece of butcher paper divided equally into three parts with a marker and hung somewhere in the room where it can be seen. Each part should be labeled with one of the following labels: (1) natural resources, (2) human resources, or (3) capital goods;
   b. old magazines with pictures to cut;
   c. scissors, tape or glue, paper clips.

4. One resource for each of four or five products and/or service on how that product and/or service is produced. Food labels or wrappers, encyclopedia or magazine articles, and career booklets from guidance counselors or people with knowledge of a particular product are recommended.

NOTE: Materials and preparation needed for each day's lesson are listed again at the beginning of each lesson.

GENERALIZATIONS

When students have completed this unit, they should be able to make the following generalizations:

1. The three types of productive resources (natural resources, human resources, and capital goods) are always necessary for production.
2. All resources are limited.

OBJECTIVES

When students have completed this unit, they should be able

1. To define the terms which are basic to understanding the concept of productive resources.
2. To explain the relationship of productive resources to economic wants and also to decision-making.
3. To name the three different kinds of productive resources and to identify examples of each kind.
4. To describe the productive resources that go into the production of one product or service.
5. To recognize that production requires all three types of productive resources.
6. To describe how resources are limited.
7. To relate some current issues or news stories to the basic economic problem of productive resources.
8. To list and analyze productive resources available in their own community.

Lesson 1

Terms Relating to Productive Resources

Materials Needed

1. Transparencies A and B
2. Overhead projector and pen

Teaching Strategies

1. Review the major concepts of economic wants by showing and discussing Transparency A which lists the following five vocabulary words:
   a. economic wants
   b. consumption
   c. consumers
   d. unlimited wants
   e. economics

   Quiz students orally to make certain that they understand each word. Discuss any areas of confusion.
2. Have students write a paragraph of no more than three sentences, using these five words. Explain that the purpose for writing this paragraph is to show that they understand the meanings and relationships of the words to each other.
3. Have several students read their paragraph aloud.
4. Ask for critiques from other students if desired.
5. Have students keep these paragraphs in their notes. You may want to check and/or evaluate them first.
6. Make the transition to the topic for this unit.

   Say "Now we know that we always want goods and services available for our

Teacher's Notes

Teaching Strategies (con't)

Teacher's Notes

consumption. To achieve this goal, we must somehow produce these goods. For this production to occur, it is necessary to have productive resources or factors of production available. We are going to be studying productive resources in this unit."

7. Show Transparency B. Instruct students to record this diagram in their notes. Once again, explain the relationship described in the transition or ask a student to restate their relationship in his own words.

   Ask: What is the difference between goods (a product) and services? Have students record several examples of each in their notes.

   Ask: What are some examples of inputs? Talk generally about the production of any product. As a class, make a list of 20 or more examples and have students record these in their notes.

8. Have students group and label the input examples. A label is just a name for the group or category. If time permits, do this as a class assignment; if time does not permit, do it as a homework assignment.

Lesson 4

Locating Different Kinds of Productive Resources

Materials Needed

1. Transparencies C, D, and E
2. Overhead projector
3. Materials for collage including:
   a. large piece of butcher paper divided equally into three parts, hung somewhere in the room where it can be seen. Each part should be given one of the following labels: (1) natural resources, (2) human resources, (3) capital goods
   b. old magazines with pictures to cut out
   c. scissors, tape or glue, and paper clips (optional)

Teaching Strategies

1. Comment on the results of yesterday's grouping and labeling task in whatever way you feel is most appropriate.
2. Tell students that economists also group productive resources into categories. These three categories describe the three productive resources which are necessary for any type of production.
3. Show each of the transparencies one by one, having students record the written information in their notes. Ask the class for examples of each as you show them. Some examples are shown in the pictures.
4. Pass out a magazine and scissors to each student. Tell the students that they must find ten pictures of productive resources--at least two in each category. They can also use symbols for their examples. Have students label each picture with their name and

Teacher's Notes

Teaching Strategies (con't)

the appropriate category of productive resource. If necessary, have them keep their pictures together with a paper clip.

When each student has completed this task, have him or her show you the ten examples and, if they are correct, allow the student to glue or tape the pictures on the butcher paper in the corresponding section. These students can help other students finish the task.

NOTE: Making a different collage in each of your classes is not recommended. One collage, made by several classes, will be much more interesting.

Teacher's Notes

Lesson 3

Inputs for Producing Goods and Services

Materials Needed

1. A list of four or five goods and services such as a loaf of bread, a haircut, a box of breakfast cereal, an ice cream bar, a bus ride, a pair of eye glasses, a pencil, a radio, a school textbook, a cassette tape, or a phonograph record.
2. Before the class begins, think of a way to make group assignments. Students can be grouped by the teacher in any way that seems efficient.
3. For each product or service assigned, you will need one source of information that will help to explain how this product or service is produced. Look for these sources on food labels or wrappers, encyclopedia or magazine articles, career information booklets from counselors, a person who knows the business, or any other source. It is important to note that these sources need not list all the inputs for production. Students can make a fairly complete list if they have something to help them get started.
   If time allows, the task of finding resources may be assigned to each group or even given to each student.

Teaching Strategies

1. Divide the class into four or five groups. Give each group the name of a product or service to work with.
2. Give the groups the following tasks:
   a. List as many inputs as possible for your product or service. Use your source of information to help you begin your list. Some items will have to come from your own knowledge.
   b. Categorize all of your inputs according to the type of resource, natural, human, or capital. Since all products

Teacher's Notes

Teaching Strategies (con't)

must be produced by using all three of these kinds of resources, you must have some inputs listed for each category.

c. Prepare a brief (about five minutes) oral report explaining what it takes to produce your product or service. Each member of the group must do at least some of the speaking and at least one visual aid is required for each group.

3. Ask students to finish this assignment for homework if necessary.

Teacher's Notes

Lesson 4

Limited Productive Resources

Materials Needed

1. Transparencies C, D, and E
2. Overhead projector
3. Recent newspapers and news magazines (optional)

Teaching Strategies

1. Have each of the groups give their oral reports.
2. Show Transparencies C, D, and E again. Note that all three types of resources are used in the production of all of the products or services.
3. Show the transparencies again, and ask each of the following questions about each kind of resource. Students may discuss the answers and take notes. Or they may write out the answers on an assignment.
   a. How do we get this kind of resource? Where do these resources come from?
   b. Are these resources limited? Explain your answer.
4. In whatever way is most appropriate, present the generalization that <u>all resources are limited</u>.

   Ask students to write down the implication of this information. In other words, ask them to write an inference about what happens because our wants are unlimited and our resources are limited.
5. Assign students to come to class prepared with a news story which they found in a newspaper, news magazine,

Teacher's Notes

Teaching Strategies (con't)

or newscast that relates to the problem of limited resources.

If the current event is from a newscast, instruct students to document the name of the channel, program, newscaster and also the time the program was aired. Newspaper or magazine articles should be cut out and brought to class. Students who do not have access to these resources may need to be provided with some recent newspapers or news magazines.

Teacher's Notes

Lesson 5

Determining Community Resources

Materials Needed

There are no special materials needed for this lesson. However, you should prepare a plan for choosing a person to act as a chairperson and think out how the meeting is to be conducted. You may even give this student some prior instruction before class begins.

Teaching Strategies

1. Have students give a brief synopsis of their news story, and tell how this story relates to the basic economic problem of limited resources. Choose several news stories for oral recitation or have students write down this information to be handed in.
2. Introduce role-play.
   Say: "Today we are going to be members of our town's Chamber of Commerce. We are a committee responsible for enticing new businesses and industries to our town. What productive resources could we say we have available here? Let the collage we made help you think of ideas.
3. Assign a chairman, and conduct a chamber of commerce business meeting. List and discuss resources which can be found in your town. Stress that members must agree that the information is both accurate and complete.
4. Hint that students should consider what kind of industry or business these resources would attract, and be able to support their ideas on the subject.

Teacher's Notes

Lesson 6

Evaluating Knowledge on Productive Resources

Materials Needed

1. Handout No. 1: Post-Test for Productive Resources and Answer Key
2. Handout No. 2: Challenge Activities--if you play to extend the unit
3. Handout No. 3: Evaluation Questions

Teaching Strategies

1. Use Handout No. 1 as a Post-Test over the materials in this unit.
   You may also devise your own test.
2. Evaluate and discuss the test in class--at least, discuss some of the main points.
3. You may use Handout No. 2.
4. For gifted students or students who have a strong interest in economics, you may use the Challenge Activities that are found in Handout No. 2.

Teacher's Notes

BIBLIOGRAPHY

Ammer, Dean S. Readings and Cases in Economics. Boston: Ginn and Company, 1971, pages 15 to 26.

Myers, Dwain. Economic Concepts for Nebraska's Junior High School Students. Lincoln, Nebraska: Nebraska Department of Education, 1978, Concepts 1-4.

Perles and Sullivan. Economics for Everyone. Westchester, Illinois: Benefic Press, 1971, Chapter 1, pages 8 to 25.

Sampson, Mortenson, and Marienhoff. The American Economy. Boston: Houghton Mifflin Company, 1975, Chapters 1 and 2, pages 2 to 62.

APPENDIX

Unit II

Productive Resources

by

Nikki Jane Scott

HANDOUT NO. 1: POST-TEST FOR PRODUCTIVE RESOURCES

Part I

Place a plus before each true statement and a zero before each false statement.

____ 1. All three types of productive resources are required for any kind of production.

____ 2. Our resources are always limited and our wants are always unlimited.

____ 3. All the people in our society are consumers.

____ 4. All societies must accumulate capital goods if they wish to improve their economy or standard of living.

____ 5. A knowledge of the basic concepts of economics is useful to anyone in our society.

Part II

List the three kinds of productive resources and also list three examples of each kind.

1. _____	2. _____	3. _____
a. _____	a. _____	a. _____
b. _____	b. _____	b. _____
c. _____	c. _____	c. _____

Part III

Place the letter of the correct word that is defined to the left of each definition.

A. Production	G. Productive Resources	L. Consumers
B. Consumption	H. Outputs	M. Inputs
C. Natural Resources	I. Unlimited Wants	N. Human Resources
D. Economics	J. Services	O. Goods
E. Limited Resources	K. Capital Goods	P. Products
F. Economic Wants		

____ 1. Wants or desires that all people have for materials, goods, and services.

____ 2. The using of goods and/or services.

____ 3. People who buy and/or use goods and services.

____ 4. Refers to the fact that things we want to own or use have no limits; we will always want something new or different.

____ 5. Science that deals with the production, distribution, and consumption of wealth.

____ 6. The factors of production, the things necessary to the production of goods and services.

____ 7. Those things found in nature which are needed for production.

____ 8. The skills, talents, and knowledge of the people of any society.

____ 9. Wealth that has been built up or created by man's past efforts, such as money, tools, machinery, and factories.

____ 10. Things made by industry, the result of production.

____ 11. Items of personal property or merchandise.

____ 12. Refers to work done for others.

____ 13. Refers to anything put in or necessary for production to occur.

____ 14. Refers to the work done or item produced as a result of production.

____ 15. Working with or combining natural resources, human resources, and capital goods to make a product or service.

____ 16. Refers to the fact that our resources will always be confined within bounds; we will never have all we want.

Part IV

Describe our community's productive resources in one or two paragraphs. Then describe what kind of business or industry these resources might attract to your town. Be sure to list reasons for each inference you make.

HANDOUT NO. 2: CHALLENGE ACTIVITIES

Challenge Activity No. 1

Read one or all of the following articles found in Readings and Cases in Economics by Dean S. Ammer. Have students discuss and critique the articles. See Bibliography.

a. "Limited Resources I: Will We Use Up Our Resources?" by Hans Landsberg.
b. "Limited Resources II: Water Shortage is a Frame of Mind" by William Bowen.
c. "Limited Resources III: The Rising Price of Urban Land" by The Wall Street Journal.

Challenge Activity No. 2

Make a bulletin board of current news stories or issues that relate to the problem of limited productive resources. When students find them, have them report to the rest of the class each day. Every few days, do an update for each story.

Challenge Activity No. 3

Have a member of the local Chamber of Commerce come to speak to the class. Have the speaker talk about whether or not the people in your area try to encourage new businesses and industries and, if so, how they go about doing this. Also ask them to compare the class's list of the area's productive resources to the Chamber's ideas on local assets. Also ask him or her to comment on the completeness and accuracy of the list.

HANDOUT NO. 3: EVALUATION QUESTIONS

These questions are for the teacher's use in evaluating the unit for its effectiveness. If you decide to use these questions on the Post-Test, you should give the student credit for answering them.

1. The thing I liked best about this unit was

2. The thing I liked least about this unit was

3. The most important thing I learned in this unit was

because

ANSWER KEY

Handout No. 1: Post-Test for Productive Resources

Part I

1. +
2. +
3. +
4. +
5. +

Part II

Teacher discretion is best used here.

Part III

1. F
2. B
3. L
4. I
5. D
6. G
7. C
8. N
9. K
10. H
11. O
12. J
13. M
14. P
15. A
16. E

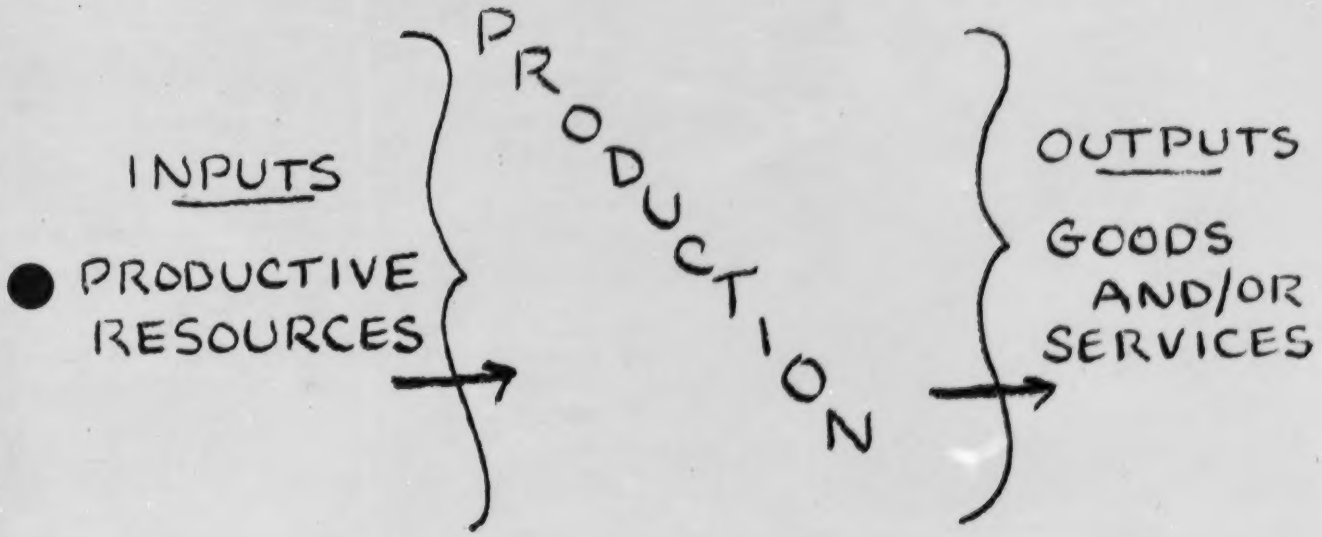
Part IV

Answers will be specific to a certain time and place. Teachers should evaluate this answer on the basis of local conditions.

To Review:

1) Economic Wants
2) Consumption
3) Consumers
4) Unlimited Wants
5) Economics

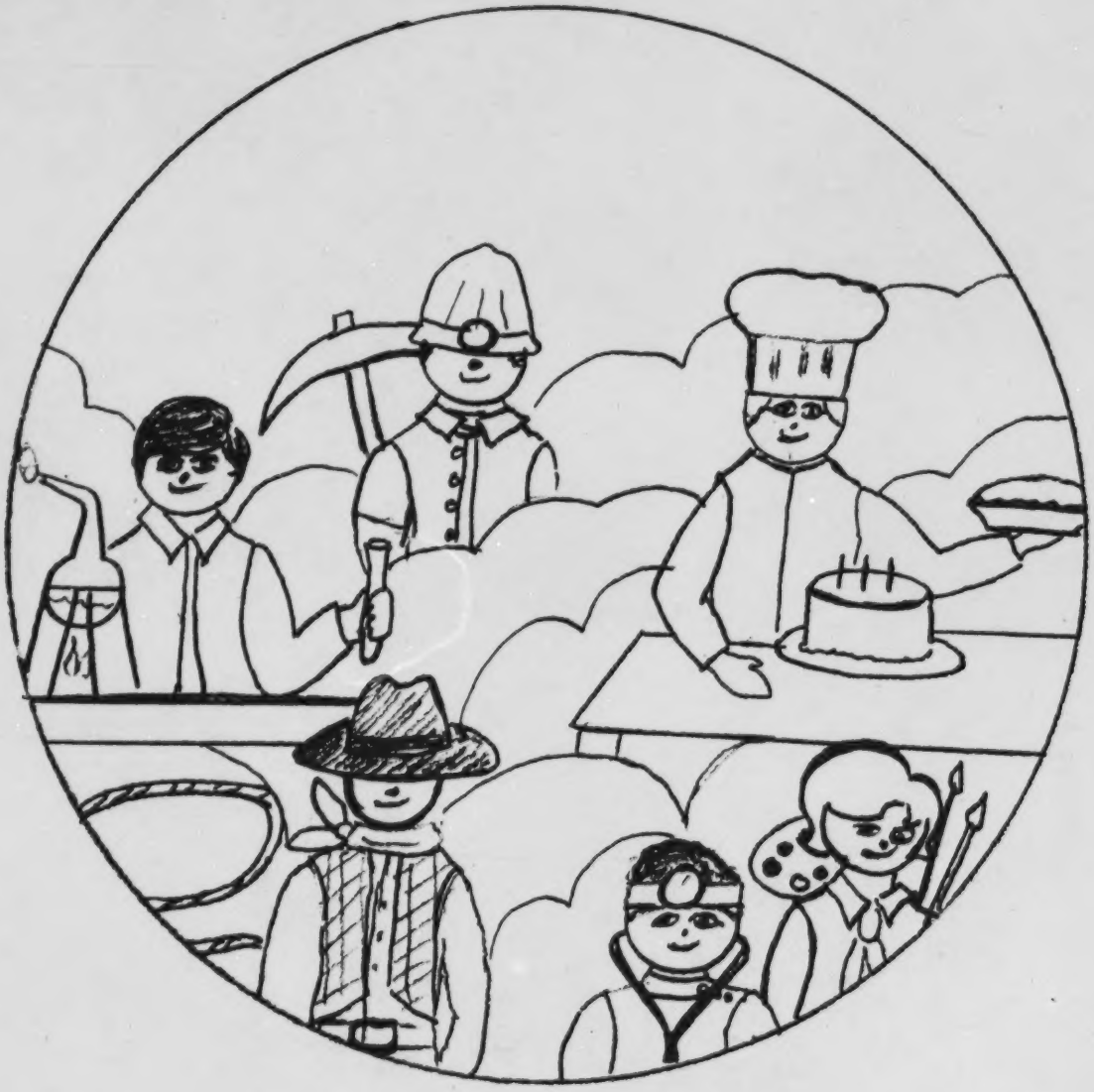
TRANSPARENCY A



TRANSPARENCY B

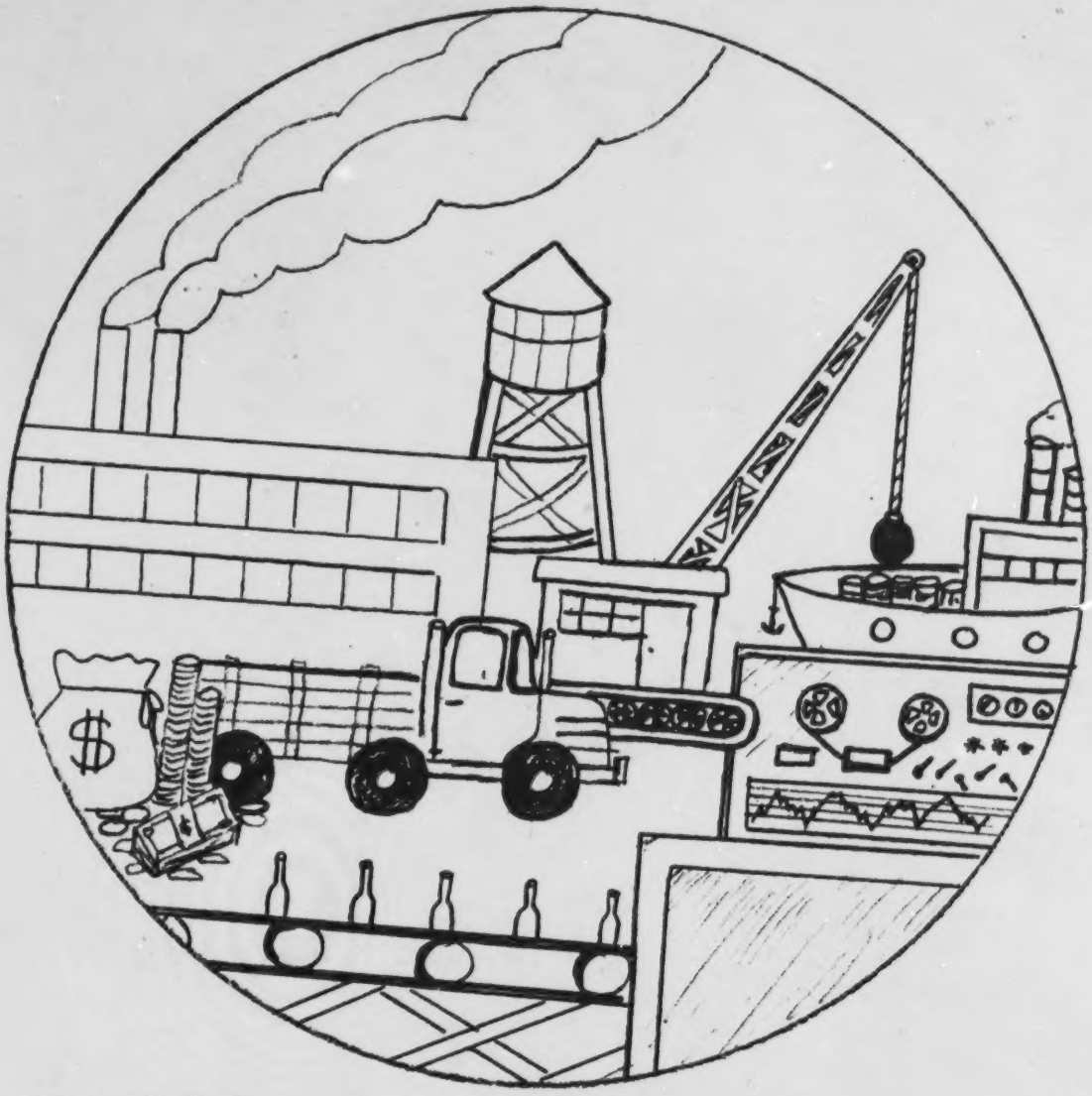
NATURAL RESOURCES
are gifts of nature.

TRANSPARENCY C



HUMAN RESOURCES
are people and their skills and knowledge.

TRANSPARENCY D



CAPITAL GOODS
are those things created by man's past efforts.

The accumulation of capital goods, such as money, tools, factories and machinery, is an absolute necessity for all societies.

UNIT III

SCARCITY AND CHOICE

by

Mary Socha
Morton Junior High School
Omaha, Nebraska

September, 1978

ABSTRACT

At one time or another, all countries and all individuals have to deal with the problems of scarcity and choice. In this unit, students will apply the concept of scarcity and choice to their own lives in order to gain a better understanding of our economic system. The activities for this unit will demonstrate that limited resources force us to make choices. The role of the consumer in the economic system will also be emphasized.

RECOMMENDED LEVEL

This unit is recommended for use at the junior high level. By modifying the activities, you can use it at any level between grades 7-9.

TIME REQUIRED

This unit is designed to be taught in five forty-five minute periods.

MAJOR TEACHING STRATEGIES

Various teaching strategies such as role playing, simulation, class discussion, generalizing, and making inferences are used in this unit.

MATERIALS NEEDED

The necessary materials are listed in the lesson plan for each day.

GENERALIZATIONS

When the students have completed this unit, they should be able to make the following generalizations:

1. All economic wants and needs cannot be satisfied. Countries and individuals have unlimited wants but limited resources. Therefore, they must make choices.
2. Choices are made through an economic system.
3. Every economic system is faced with three questions:
   a. What goods and services will be produced?
   b. How will they be produced?
   c. Who will use these goods and services?

OBJECTIVES

When the students have completed this unit, they should be able

1. To explain the concept of scarcity and choice.
2. To describe their role in the economic system.
3. To relate the concepts of scarcity and choice to both the society and to their own lives.

Lesson 1

Learning Economic Terms in a Group

Materials Needed

1. A copy of Handout No. 1, the Pre-Test for each student
2. Magazine pictures--at least five for each group (see below), showing items students would want to buy
3. Handout No. 2, roles (optional)
4. Poster with the words scarcity and choice written in large letters (optional)
5. Definitions written on large cards for display in the room (may be done by students)
6. Handout No. 3: Terms and Definitions

Teaching Strategies

1. Give each student a copy of the Pre-Test. No more than ten minutes should be allowed for the completion of this test. The answer key is in the Appendix.
2. When students have completed the Pre-Test, divide them into small groups of five or six.
3. Give each student a copy of Handout No. 2. Discuss the role of each member of the group before students begin their activity. (Optional)
4. Give each group the five magazine pictures, and read the following instructions to them.

   Each group has been given pictures of items you might like to buy. Pretend that you have enough money to buy only one item. As a group, you must reach an agreement as to which items you are going to choose. You are to give three reasons for explaining the criteria or

Teacher's Notes

Teaching Strategies (con't)

rationale (you may need to explain these terms) which you used to choose an item. Each group is to choose a leader and a recorder who will write its decision and reasons. You will have ten minutes to complete this activity.

5. As a follow-up activity, ask each group leader to show the class the items their group chose and to read the reasons why that item was selected. Explain to students that individuals, families, and countries must make choices because their resources are limited.
6. Ask the class to brainstorm for some examples of choices that families and countries must make because of limited resources. During this exercise, introduce the terms scarcity and choice.
7. Display your poster with the words scarcity and choice written on it in large letters.
8. Show students the large cards with economic terms and definitions. You may also use Handout No. 3.
   Read each definition, and answer questions that students may have. Leave the cards displayed around the room to refer to when necessary throughout the unit. Students are not expected to memorize the definitions.

Teacher's Notes

Lesson 2

Allocating Scarce Items

Materials Needed

1. Magazines, scissors, paste or tape
2. Transparencies A and B

Teaching Strategies

1. Write the following directions on the chalkboard or on a transparency:
   a. Cut out five magazine pictures of items that are scarce. Paste the pictures on a sheet of paper. Under each item write the reason why it is scarce.
   b. Cut out five magazine pictures that show items that you or your family wants. Paste the picture on another sheet of paper. Under each picture, write an explanation in which you tell why you and your family do not have this item.
   c. Write several sentences explaining why people and countries must make choices. Use some of the pictures which you cut out as examples in your paragraph.
2. Use the following questions in a discussion to help you to explain the concept of scarcity and choice.
   a. How does the scarcity of an item affect its price?
   b. Is there any relationship between items being scarce and you and your family not being able to have them?

Teacher's Notes

Teaching Strategies (con't)

3. Show students Transparency A which contain the three basic economic questions. Ask students to discuss their ideas about how the questions are answered by our economic system. Questions to consider:
   a. Why is what you buy important to the people who produce goods and services? (Producers will try to supply what the people want; consumers indicate their wants by what they purchase.)
   b. What are the primary reasons that producers manufacture goods and services? (To make profit; therefore, goods must be produced efficiently and economically.)
   c. Who is able to purchase the most goods and services? (Those with the highest income.)
4. After students have stated their ideas, place Transparency B on top of Transparency A to help you clarify the main points.

Teacher's Notes

Lesson 3

Choosing What We Want

Materials Needed

1. Transparency C, Producers and Consumers
2. Student copies of Handout No. 4: $2500 Give Away

Teaching Strategies

1. Show students Transparency C. Explain the relationship between producer and consumer. Stress that what students and their families buy is a factor in what is produced in our economy.
2. Then give each student a copy of Handout No. 4: $2500 Give Away. Read the directions for them. Allow students time in class to complete the activity individually.
3. Ask the following discussion questions:
   a. Ask students to share some of their choices. Which five were chosen most frequently?
   b. What are some choices you or your family have made recently?
   c. Why do families have to make choices such as those among the choices listed in this activity.
   d. How does the way you and your family choose to spend your resources affect our economy.

Optional: The filmstrip, "Economics and You," which is listed in the bibliography can be used as an additional activity at this time. It offers an excellent explanation of the concept of scarcity and choices.

Teacher's Notes

Lesson 4

Making Decisions

Materials Needed

1. Handout No. 5: Student Directions for Role Playing
2. Handout No. 6: Group Roles and Proposals, one sheet for each student

Teaching Strategies

1. Distribute Handout No. 5: Student Directions for Role Playing and Handout No. 6: Group Roles and Proposals.
2. Read directions aloud with students.
3. Assign each student to one of the following groups: farmer, businessman, consumer, government leader, or county commissioner. Each group should be approximately the same size.
4. Allow about half the class period for the formulation of proposals and arguments. The remaining time will be used for presentation of cases and county commissioners' decision.
5. Use the following questions in a discussion to help you clarify the decision making process.
   a. If you were responsible for making the decision, how would you allocate the grants?
      Where would you place your priorities and why?
   b. What decisions does your community have to make about how to use its resources?
      What decisions do the state and federal goverments have to make?

Teacher's Notes

Lesson 5

Evaluation

Materials Needed

1. Handout No. 7: Post-Test--Scarcity and Choice, a copy for each student
2. Pencils

Teaching Strategies

1. Give each student a copy of Handout No. 7.
2. Ask students to complete the test. For the purpose of varying your testing procedures, you may let pairs of students complete the test together. They can compete with other pairs of students.
3. Evaluate the Post-Test in class, and discuss the answers with the students.
4. Ask students to compare their Pre-Test scores to their Post-Test scores to see if they improved.

Teacher's Notes

BIBLIOGRAPHY

Chapman, Katherine Esch. Economic Man. Westchester, Illinois: Benefic Press, 1971.

"Economics and You, The School Times," 1973.

"Socialism: Trials and Errors," Time, Vol. 111, March 13, 1978, pages 24-39.

Spencer, Milton H. Contemporary Economics. New York: New York: Worth Publishers.

Teaching Resource Films
Station Plaza
Bedford Hills, New Jersey 10507

Tucker, James F. Essentials of Economics. Englewood Cliffs, New Jersey: Prentice-Hall, Inc., 1975.

U. S. Department of Commerce, The Economic System and Your Place In It.

APPENDIX

Unit III

Scarcity and Choice

by

Mary Socha

HANDOUT NO. 1: PRE-TEST FOR SCARCITY AND CHOICE

Part I

Place a plus before each true statement and a zero before each false statement.

____ 1. Many people have greater wants than their resources allow them to satisfy.

____ 2. There are enough resources in our world to produce all the goods people want.

____ 3. A consumer is a person who sells goods in the market place.

____ 4. Scarcity comes about because people and countries have unlimited wants but there are limited resources.

____ 5. Everyone plays a role in the economic system of the United States.

____ 6. In the United States, only the government decides what goods and services will be produced.

____ 7. There are no scarce items in the United States.

____ 8. An economic system determines how a country will produce and distribute things people want.

____ 9. Consumers help determine what goods and services will be produced.

____ 10. Natural resources and capital goods are all a country needs to produce goods and services.

Part II

List and briefly describe three choices that you have had to make in the past few days.

HANDOUT NO. 2: ROLE OF LEADER AND PARTICIPANTS IN A SMALL GROUP

Role of Leader

1. State the problem. Make sure everyone understands it.
2. Decide how to solve the problem and then help the group solve it.
3. Be organized.
4. Ask questions and opinions of others.
5. Encourage others to support their ideas with facts.
6. Cooperate with others and encourage others to cooperate.
7. Be open--tell someone when you think he or she has a good idea; accept the ideas of others; encourage different viewpoints.
8. Help all members of the group to contribute.

Role of Participants

1. Be a helpful member to your group.
   a. Stay on the subject.
   b. Be open--give ideas and praise others for their ideas.
   c. Discuss--ask questions and accept other people's ideas.
   d. Give facts.
   e. Listen to the leader. Help him or her in carrying out the duties of a leader.
2. Be prepared.
   a. Know facts.
   b. Know where to find them.
3. Try to get along with other members of your group.
   a. Don't interrupt when others are talking.
   b. Encourage all members of the group to participate.

HANDOUT NO. 3: TERMS AND DEFINITIONS

ECONOMIC SYSTEM--the means by which a country produces and distributes the variety of things people need and want.

SCARCITY--unlimited wants and limited resources.

ALLOCATE--to distribute, to assign each his or her share.

GOODS AND SERVICES--the enormous variety of things people need and want; for example, automobiles, restaurants, schools, etc.

NATURAL RESOURCES--the water, minerals, soil, timber, and other raw materials used to produce goods and services.

HUMAN RESOURCES--the skills, talents, and abilities of the people of any society which are necessary for the production of goods and services.

CAPITAL GOODS--factories and machines which are used to produce the goods and services we need.

CONSUMER--people who use money to satisfy their needs and wants for goods and services. Everyone is a consumer.

HANDOUT NO. 4: THE $2500 GIVE AWAY*

Your family has unexpectedly received $2500. Decide on the best choices for spending this money. After you have completed the activity, take it home and see if your family agrees with your choices. You may add real items and costs to the list if you wish. Put your choices in chart form as shown at the bottom of the page. Remember, you may only spend $2500.

1. $600 for a family vacation--you haven't taken one for three years.
2. $1000 for older sister to go to college this fall.
3. $600 for dental work your father has put off for several years.
4. $300 for a camera and projector for family pictures.
5. $100 for a ten speed bike for you.
6. $600 for braces your little sister needs.
7. $500 to carpet and panel the recreation room for family use.
8. $1000 for down payment for a badly needed family car.
9. $300 for a set of encyclopedias for your family.
10. $150 to send you to tennis camp this summer
11. $150 for a new lawnmower.
12. $400 for clothes for the family.

CHOICES	COST
	TOTAL COST _____

*Adapted from "The Concept of Scarcity and Opportunity Cost, on page 31 in In the Marketplace: Basic Unit on the American Economic System, published by the Washington State Department of Public Instruction, 1976.

HANDOUT NO. 5: STUDENT DIRECTIONS FOR ROLE PLAYING

You are the elected representatives of citizens in a Nebraska county. As county commissioners, you have received a grant of a large amount of money. You must decide how to spend the money. Various groups within the county have presented proposals to the commissioners. Each of these groups has strongly encouraged the commissioners to allocate the money for their own particular needs and wants.

Since the county contains large rural areas as well as one large city, these groups are as follows: the farmers, the businessmen, the consumers, and the government leaders.

The class will be divided into <u>five</u> groups. Each student will be a member of one of the five groups. You will play the role of either a farmer, a businessman, a government leader, a consumer, or one of the county commissioners. Your teacher will assign you to a group.

Each group is to prepare arguments to encourage the commissioners to vote for its proposal. You will receive information briefly stating your proposal. Your job will be to formulate convincing arguments in favor of your choice for the use of the grant money. After reading the student directions, you will know how each of the other groups wants the money to be spent. This knowledge may aid you in formulating your arguments.

The commissioners will listen to each group's argument. Then, they will make a decision. Do your best to convince them to vote for your group's proposal.

Each group will choose a leader and a recorder who will put its proposal and arguments into writing. Some group members will be selected to present your case to the county commissioners.

For directions on how to be an effective participant of a group, you may wish to refer to Handout No. 2 from this unit.

HANDOUT NO. 6: GROUP ROLES AND PROPOSALS

County Commissioners--You will listen to the proposals and arguments presented to you by each group. You will decide how the money given to your county will be spent. Make a fair and logical decision based on the arguments presented to you. You must give reasons for your decision.

Businessmen--You feel an area set aside as an industrial park would benefit the county since it would encourage more business and industry to locate in your county. The industrial park would contain the facilities necessary to attract factories and businesses. However, to develop this area into an industrial park, many trees would have to be cut down to provide the space.

Consumers--Your group would like to see the money spent on a recreational area. This would include a large wooded park, tennis courts, skating rink, etc. You feel there is a need for such an area in the county. The most ideal location for this recreational facility would be in the same area that the businessmen want to use for the industrial park.

Farmers--The rural roads in your county need a lot of repair. Some roads are washed out; many bridges are hazardous. The county never seems to have enough money to keep the roads in good condition. You realize that few people who live in the city use these roads, but you know that farmers play an important role in the economic well-being of your county. You feel the farmer is often left out in the expenditure of county funds.

County Government Leaders--The county courthouse is many many years old. Frequently, it is in need of repair and costs the taxpayers a lot of money for upkeep. You feel that county business could be conducted more efficiently in a new and more modern building.

HANDOUT NO. 7: POST-TEST--SCARCITY AND CHOICE

Part I

Place a plus before each true statement and a zero before each false statement.

____ 1. Many people have greater wants than their resources allow them to satisfy.

____ 2. There are enough resources in our world to produce all the goods people want.

____ 3. A consumer is a person who sells goods in a market place.

____ 4. Scarcity comes about because people and countries have unlimited wants but there are limited resources.

____ 5. Everyone plays a role in the economic system of the United States.

____ 6. In the United States, only the government decides what goods and services will be produced.

____ 7. There are no scarce items in the United States.

____ 8. An economic system determines how a country will produce and distribute things people want.

____ 9. Consumers help determine what goods and services will be produced.

____ 10. Natural resources and capital goods are all a country needs to produce goods and services.

Part II

Unscramble the words following each definition.

1. Those who use money to satisfy their needs for goods and services.

   M R O N S C U E _____

2. Factories and machines which are used to produce the goods and services we need.

   T A C P L I A S O D O G _____

3. The enormous variety of things people need and want.

   G D O S O A D N V S E R S E C I _____

4. To distribute.

   T O L A A L C E _____

5. Unlimited wants and limited resources.

   R I C Y T S C A _____

6. The water, minerals, soil, timber, and other raw materials used to produce goods and services.

   R A T U L A N O U R C E S R E S _____

7. Skills and talents and abilities of the people of any society necessary to produce goods and services.

   H A N M U E S C O U R E R S _____

Part III

Use several sentences to answer the following questions.

1. Explain briefly the relationship between the terms scarcity and choice in our economic system.

2. How does the concept of scarcity and choice affect you? Give examples.

TRANSPARENCY A

EVERY ECONOMIC SYSTEM IS FACED WITH THREE BASIC QUESTIONS

1. What goods and services shall be produced?

2. How will they be produced?

3. Who will use these goods and services?

TRANSPARENCY B

By purchasing a product, consumers are casting a vote to show producers that they want that item manufactured. For example, if many junior high students buy ten speed bicycles, the companies that produce them will make even more ten speed bicycles because they know that they are in demand. In other words, the consumers (you) want to purchase them.

Producers are in business to make a profit. For that reason, they will make products as economically and efficiently as possible. For example, the ten speed bicycle manufacturer will use an assembly line process rather than have one worker make each bicycle individually.

Almost everyone has wants that cannot be satisfied. Everyone who wants a ten speed bike does not have one. Those who earn the highest income will be able to purchase more of the goods and services produced.

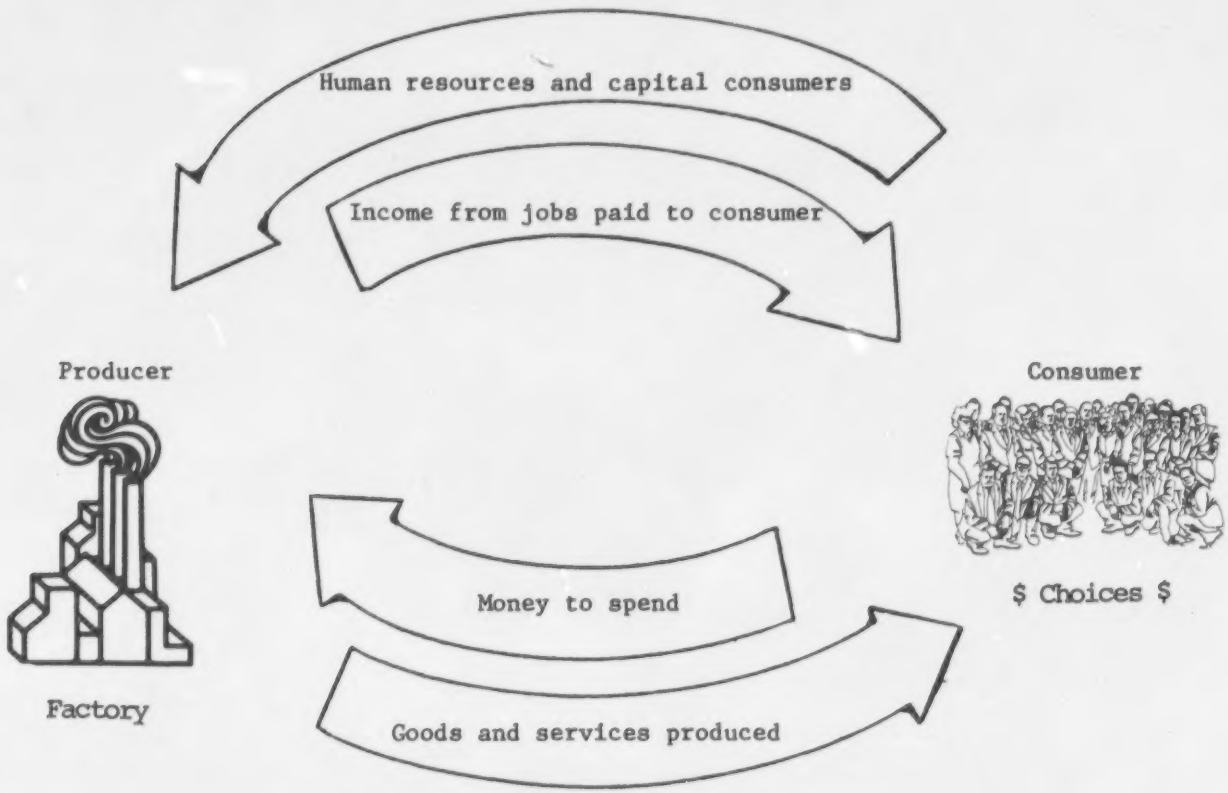
Almost everyone has to make choices about how to allocate resources. Families have to make a decision about which items to buy. Governments have to decide how to spend the citizen's money and also how to utilize other resources. For example, should valuable timber be used as lumber for building or should the trees be preserved in park areas? Should tax money be used for defense or for providing jobs for people who are out of work?

TRANSPARENCY C

PRODUCERS AND CONSUMERS

What is necessary to produce goods and services?

Scarce resources--Natural and Human Resources (labor) and capital goods



After studying the diagram can you explain the relationship between consumers and producers in our economy?

ANSWER KEYS

Answer key for Handout No. 1

Part I

1. + 2. 0 3. + 4. 0 5. + 6. 0 7. 0 8. + 9. + 10. 0

Part II

The teacher will use his or her own discretion to evaluate this part of the Pre-test.

Answer key for Handout No. 7

Part I

1. + 2. 0 3. 0 4. + 5. + 6. 0 7. 0 8. + 9. + 10. 0

Part II

1. Consumer
2. Capital goods
3. Goods and Services
4. Allocate
5. Scarcity
6. Natural Resources
7. Human Resources

Part III

The teacher will use his or her own discretion to evaluate this part of the Post-Test.

UNIT IV

OPPORTUNITY COST
AND
TRADE-OFFS

by

Nikki Jane Scott
Irving Junior High School
Lincoln, Nebraska

September, 1978

ABSTRACT

In this unit, the concept of opportunity costs and trade-offs is examined. An attempt is made to show the relationship between this concept and other basic economic problems. Students should get a good idea of the importance of economics and the extent to which this social science permeates our lives. This unit is designed to give students a chance to make an economic decision as a member of a group and also to find out how others make economic decisions. Students may then have more skill at making these decisions themselves.

RECOMMENDED LEVEL

This unit is planned for use in any grade of the junior high. The teacher may wish to change some activities to meet the needs of certain groups of students more accurately, but generally there should be no need to change the activities for a particular grade level.

TIME REQUIRED

This unit requires five days of class periods that are approximately 55 minutes in length. It can be shortened by cutting activities or by changing some writing activities to discussion. It can be lengthened by using some of the challenge activities or by allowing more time for the completion of other activities.

MAJOR TEACHING STRATEGIES

This unit is basically teacher directed. Students have the opportunity to work in groups for such activities as discussion, brainstorming, grouping and labeling (categorizing), and decision-making. Students will also be asked to memorize, give examples, define, show relationships, and summarize. Skills such as interviewing, taking notes, and writing short, factual stories from the interviews are also stressed.

ESSENTIAL ADVANCE PREPARATION

Materials needed for this unit will be given as part of each daily lesson plan. None of these materials requires much advanced preparation.

GENERALIZATIONS

When students have completed this unit, they should be able to make the following generalizations:

1. Everyone must make economic decisions.
2. There are many ways to make economic decisions.
3. A knowledge of economics can be useful to anyone.

OBJECTIVES

When the students have completed this unit, they should be able

1. To list some reasons for studying economics.
2. To identify the four basic economic problems.
3. To define and give an example of opportunity costs and trade-offs.
4. To participate in a group making an economic decision.
5. To discover and analyze some methods other people use to make economic decisions.

Lesson 1

Some Basic Economic Problems

Materials Needed

1. Transparencies A, B, C, and D
2. Overhead projector and pen

Teaching Strategies

1. Ask students the question, "Why study economics?"
2. Ask each row or section of the room to form a group and brainstorm for three minutes.
3. Return to the large group and list student answers on the overhead.
4. Ask the class to group and label the items in the list. Then agree or disagree with each item or group.
5. Have students record in their notes those items they feel are most important.
6. Show Transparency A. Give students a chance to put this information in their notes.
7. Ask students to comment on the following questions for each of the three levels in Transparency A:
   a. How do we participate in economics on this level?
   b. How are economic decisions made on this level?
   c. How could a knowledge of economics be useful to us on this level?
   d. Who benefits by wise decisions made on this level?

Teacher's Notes

Teaching Strategies (con't)

8. Show Transparency B, but reveal only the first three concepts. For review of the first three basic economic concepts, ask students to define or comment on what they know about the items listed on the transparency. Then show Concept No. 4 on Transparency B, and ask students to record the information in their notes.
9. Show Transparency C. Introduce the last link in the chain of basic economic concepts as the concept we will be studying in this unit: opportunity cost and trade-offs. Ask "What kind of a relationship between these concepts is represented by a link of chain?" Also, ask: "How could this drawing be changed to better show the relationships between these concepts?"
10. Show Transparency D. Have students copy the definitions and ask for examples to discuss. Tell them that tomorrow they will be expected to have these definitions memorized as well as be able to give an example of these concepts on a personal level from their own experience. It may be helpful to have an example of your own prepared to share with the class.

Teacher's Notes

Lesson 2

Making Economic Decisions

Materials Needed

1. Overhead projector and pen
2. Handout No. 1: Sample Interview

Teaching Strategies

1. Quiz students. Ask them to write a definition for opportunity costs and trade-offs. Then have them relate an example of an economic decision made on a personal level and identify the opportunity costs and trade-offs in the decision. Collect the papers and evaluate them.
2. As a class, prepare a list of about 10 questions to be used in an interview to find out about economic decisions and opportunity costs and trade-offs. Use open-ended questions (no "yes" or "no" questions allowed here!), and then arrange them in the most logical order. Keep the questions general enough so that they can be used for personal, professional, or political decisions. Remind students that they can depend on the person being interviewed for relating an experience, but the interviewer must be prepared with good questions as well as be ready to define and/or explain the opportunity costs and trade-offs. You may use Handout No. 1 if you prefer.

   Students may use tape recorder if you prefer.

Teacher's Notes

Teaching Strategies (con't)

3. Divide the class into pairs. Using the questions prepared by the class, have one student interview the other one. The interviewer should take notes to make sure that answers are correctly recorded. Any quotes should be double-checked by both persons.
   You may allow students to use tape recorders instead of pencil and paper.

Teacher's Notes

Lesson 3

Figuring Opportunity Costs

Materials Needed

1. A catalog (any school catalog or even a Sears, Wards, or Penney's catalog will do)
2. Overhead projector and pen
3. Transparency B

Teaching Strategies

1. Announce to students that to gain practice in making economic decisions, we are going to pretend that we've been given $25.00 per month "expense money" to use as we (our whole class) see fit. Since the options for using money are spending, saving, and investing, or a combination of these, we'll have to decide as a class exactly how we will use our money. Anything we buy must come from this catalog, so it will be available in the room for the next two days and students may look at it during any study time or before or after class.
2. Show Transparency B on basic economic problems, and identify each concept in our situation.
3. List suggestions for using the money on the overhead and prioritize. Have the class think about what they should do. Announce that we must make a decision within the next two days.

Teacher's Notes

Teaching Strategies (con't)

4. Repeat the interview assignment from yesterday. Have each pair of students change roles so that each will have an opportunity to be the interviewer. Again, have the interviewer take notes and double-check quotes. Using a tape-recorder may save the students some time.

Teacher's Notes

Lesson 4

Interviewing and Writing News Stories

Materials Needed

Catalog used in yesterday's lesson

Teaching Strategies

1. Discuss and complete the list of suggestions on how to spend our class "expense money." Try to limit options to three or four, and discuss the advantages and disadvantages of each option. Tell students we will have to make a final decision tomorrow.
2. Discuss the interviews. Ask students to comment on how to get a successful interview. Discuss any problems. Offer possible solutions to any problems that arise.
3. Ask students to write a factual "news story" from notes taken in the interviews done in class for a fictional economics magazine. If students used a recorder, they will have to listen to the tape. They should be sure to describe the situation clearly, including such factual details as who, what, when, and where, that precipitated the economic decision and identify the opportunity costs and trade-offs. Have students write a minimum of <u>three</u> complete paragraphs. Collect papers.
4. Give homework assignment: Using the same interview questions, interview an adult of your choice (choose someone you think will give an

Teacher's Notes

Teaching Strategies (con't)

interesting interview (about an economic decision made by them on a professional or political level). Take concise and careful notes on their responses. Students may use a tape recorder and make notes on their interview later.

Teacher's Notes

Lesson 5

Evaluating Basic Economic Problems

Materials Needed

1. Sheets of lined paper torn in half for quiz
2. Handout No. 2: Challenge Activities

Teaching Strategies

1. Return the news stories and discuss them. Make comments on the things that the students did well, and offer some suggestions for improvement.
2. Read one or two of the best stories.
3. Using the interviews they did for homework, ask the students to write a factual news story or to prepare a dialog for a news broadcast. Again, tell them to be sure to describe the situation clearly, to list accurately the factual details that precipitated the economic decision, and to identify the opportunity costs and trade-offs. The students should write a minimum of three paragraphs.
4. Collect the papers or allow the students to "broadcast" their stories to the rest of the class.
5. Make final decisions about how to spend the $25.00. This could be decided by a vote of the class.
6. Pass out halved sheets of paper. Tell students to identify the opportunity costs and trade-offs made in the decision to spend the $25.00. Also ask them to explain the best way to make an economic decision.
7. Collect the papers and then discuss the decision as a class.

Teacher's Notes

Teaching Strategies (con't)

8. If you wish to go beyond the activities which you have already had your students involved in, you may want to use Handout No. 2: Challenge Activities. You may share this sheet of Challenge Activities with the students, and let them choose which activity the class will engage in as an extending-the-unit activity.

   The Challenge Activities can provide you with some fine culminating activities that students will remember for some time. This may be especially true of Challenge Activities Nos. 1 and 2.

Teacher's Notes

EVALUATION

Evaluation exercises are built into the daily lesson plans. A teacher can judge the success of the students by reading their brief stories and can correct and/or evaluate the students accordingly. There is no need for a formal evaluation at the end of this unit unless the teacher wishes to do a review of all four of the basic economic problems addressed in this unit. In that case, a test may be in order. The individual teacher's judgment is best here because each teacher may stress different ideas and aspects of the economic problems. Therefore, a standard test may not be appropriate for all students.

BIBLIOGRAPHY

Ammer, Dean S. Readings and Cases in Economics. Boston: Ginn and Company, 1971, Chapters 2 and 11.

Hansen, Beach, Calderwood, and Saunders. A Framework for Teaching Economics: Basic Concepts. N.Y.: Joint Council on Economic Eduction, 1977.

Myers, Dwain. Economic Concepts for Nebraska's Junior High School Students. Lincoln, Nebraska: Nebraska Department of Education, 1978.

APPENDIX

Unit IV

Opportunity Cost and Trade-Offs

by

Nikki Jane Scott

HANDOUT NO. 1: SAMPLE INTERVIEW

1. How would you explain or define opportunity cost and trade-offs?

2. What are the most important kinds of economic decisions you have to make?

3. Describe an example of an important economic decision you have had to make.

4. What are the most significant considerations in this decision?

5. How did you make this decision? What process did you use to decide?

6. What were the opportunity costs and trade-offs involved in this decision?

7. Were you pleased with your decision after you had made it and acted on it? Why or why not?

8. Would you have made the same decision if you had it to do over again? Why or why not?

9. Do you think you are good at making economic decisions? What makes you good at this? What would you like to do better?

HANDOUT NO. 2: CHALLENGE ACTIVITIES

1. Have students compile their stories and make an economics magazine. Have them think of ideas for fillers, ads, and a cover, etc. Keep the magazines around for students to read. It may be a good idea to divide the class into groups for this activity so the number of people doesn't get too large. Also, you may wish to choose an editor to be in charge of each group.

2. Have students use their stories on economic decisions for information, and video-tape a news broadcast. Again, you may want to divide the class into groups and appoint a producer for each show. Having an announcer and commercials between stories may add interest to the show. Be sure to let the whole class see the tapes.

3. Have students collect news stories from the newspaper that they think are related to the discipline of economics. Identify the four basic economic problems in each situation, and analyze the effect of the possible decisions. Collect the articles for a bulletin board.

4. Call your local Chamber of Commerce and ask if they have a film on the basic principles of economics. If they have one and will let you use it, show it to your class, and discuss the information.

5. Read "Five Economic Goals for Americans," Reading #2, or "Can Consumers Really Choose?" Reading #11 in Readings and Cases in Economics by Ammer, and discuss or write out answers to questions at the end of the readings.

EVERYONE IN OUR SOCIETY IS INVOLVED IN MAKING ECONOMIC DECISIONS ON ALL OF THE FOLLOWING LEVELS:

#1. PERSONAL

#2. PROFESSIONAL

#3. POLITICAL

TRANSPARENCY A

BASIC ECONOMIC PROBLEMS

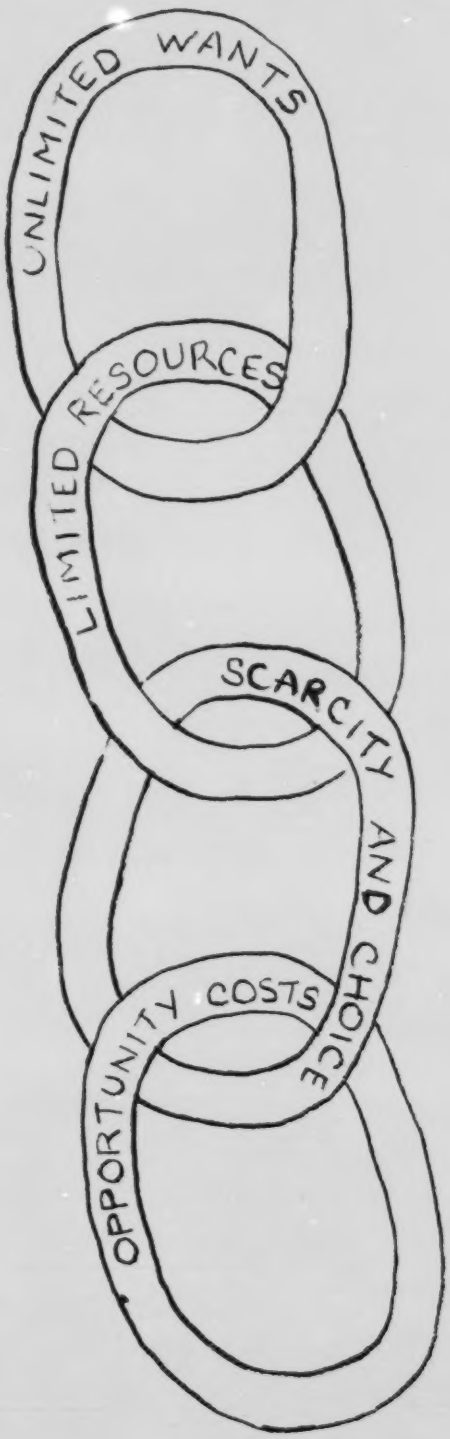
#1. UNLIMITED WANTS
- A. INDIVIDUAL
- B. COLLECTIVE

#2. LIMITED RESOURCES
- A. NATURAL RESOURCES
- B. CAPITAL GOODS
- C. HUMAN RESOURCES

#3. SCARCITY AND CHOICE
- A NEED FOR ECONOMIC SYSTEM
  1. WHAT AND HOW MUCH?
  2. HOW?
  3. FOR WHOM?

#4. OPPORTUNITY COSTS AND TRADE-OFFS

TRANSPARENCY B



THE FOUR BASIC ECONOMIC PROBLEMS ARE INTERRELATED.

TRANSPARENCY C

OPPORTUNITY COSTS

DEFINITION: THE THINGS THAT MUST BE GIVEN UP WHEN DECISIONS ARE MADE TO USE SCARCE PRODUCTIVE RESOURCES TO PRODUCE PARTICULAR GOODS OR SERVICES.

TRADE-OFFS

DEFINITION: THE ACTION OF CHOOSING ONE GOOD INSTEAD OF ANOTHER. TRADING OFF LESS OF ONE THING FOR MORE OF SOMETHING ELSE.

TRANSPARENCY D

UNIT V

ECONOMIC INCENTIVES

by

Margaret McPherrin
Beatrice Junior High School
Beatrice, Nebraska

September, 1978

ABSTRACT

The following unit is a one-week plan in which students will become aware of the concept of economic incentives within our economy. Students will be examining the incentives of self-interest and profit. They will also be introduced to such terms as capitalism, mixed market economy, and competition.

RECOMMENDED LEVEL

This unit is recommended for use with junior high school students.

TIME REQUIRED

The time required for this unit is approximately five fifty-minute periods.

MAJOR TEACHING STRATEGIES

The teaching strategies included in this unit are classroom discussion, role playing, observation, recalling, comparison, generalizing, and making decisions.

MATERIALS NEEDED

The materials needed for this unit will be given as a part of each daily lesson plan.

GENERALIZATIONS

When students have completed this unit, they should be able to make the following generalizations:

1. Capitalism is the basis of our economic system.
2. The United States has a "mixed market economy" which consists of three groups working together: the consumer, the producer, and the government.
3. One of the greatest economic incentives in our American economic system is self-interest.
4. The major factor in the concept of self-interest is the profit motive.
5. Competition plays an important role in an economy that operates on self-interest.

OBJECTIVES

When the students have completed this unit, they should be able

1. To define capitalism, economic incentives, profit motive, profit, loss, and competition.
2. To distinguish between a mixed market economy and capitalism.
3. To explain what is meant by economic incentives.
4. To explain the relationship between self-interest, profit motive, and mixed market economy.
5. To analyze the significance of profit as a signal to the producer.
6. To demonstrate the importance of competition in a mixed market economy.

Lesson 1

Starting a Business

Materials Needed

1. Handout No. 1: A copy for each student
2. Handout No. 2: I want to start a business
3. Handout No. 3: Starting a Business
4. Handout No. 4: Mixed Market Economy
5. Transparency A: I want to start a business
6. Students own personal notebooks
7. Overhead projector

Teaching Strategies

1. Explain to the students that the next several days will be devoted to a unit on economic incentives. Therefore, the first task will be to determine their previous knowledge of this and other related concepts.
2. After giving the students this brief introduction, have them take the Pre-Test, Handout No. 1.
3. The Pre-Test is quite short and should take only a few minutes. Once everyone has finished the test, ask the students which questions seemed to be the most difficult. Explain to the students that within the next several days all of their questions will be answered.
4. Distribute copies of Handout No. 2: I want to start a business to all of the students. Have the students answer the questions.
5. When everyone has completed Handout No. 2, use Transparency A to aid in compiling their answers.

Teacher's Notes

Teaching Strategies (con't)

6. Use the answers to the questions on Handout No. 2 along with the questions from Handout No. 3 to help the students to determine the requirements for starting a business.
   After discussing Handout No. 3, the students should arrive at the following conclusions:
   1. A private individual may start a business provided he has the necessary funds.
   2. There is some risk involved; the business may succeed or it may fail.
   3. The individual who starts the business will control what and how much will be sold.
   4. The individual's goal is to gain some type of financial record.
7. Explain to the students that starting a business in our society is relatively simple because we have a capitalistic economy.
8. At this point, ask the students to develop a workable definition of capitalism to be kept in their notebooks.
   Capitalism can be defined as "an economic system which is based on the private ownership of property and the freedom of individuals to do with their property as they see fit, within certain legal limits imposed to protect the rights of others."
   Taken from James E. Brown and Harold A. Wolf, Economics: Principles and

Teacher's Notes

Teaching Strategies (con't)

Practices, Columbus, Ohio: Charles E. Merrill Publishing Company, 1971, page 518.

9. At this time, use Handout No. 4 to point out to the students that although an individual has a great deal of freedom in starting his own business, the rights of other individuals in our society must be considered. Therefore, our national government does play a role in our economy.

Teacher's Notes

Lesson 2

Products and the Profit Motive

Materials Needed

1. Handout No. 5: Materials and Costs
2. Handout No. 6: Pricing Products
3. Materials needed to make a simple product to be sold. This might include paper, paper clips, staples, string, tongue depressors, glue, tape, crayons, paint, thumbtacks, paper fasteners, brushes, etc.

Teaching Strategies

1. Review with the students their defition of capitalism. Also review their conclusions about starting a business.
2. Ask the students again why they would want to start a business.
   The economic incentive or their motivation for starting a business is individual self-interest. This is true "whether they are consumers seeking to maximize the satisfaction of their economic wants with limited incomes, producers trying to maximize their profits, or workers trying to earn the most possible income, all groups are motivated basically by their own self-interest." Taken from Dwain Myers, Economic Concepts for Nebraska's Junior High School Students, page 11.
3. Have the students include in their list of economic terms and definitions economic incentives. It can be defined as the motivation behind any economic behavior or the reason one participates in any economic activity,

Teacher's Notes

Teaching Strategies (con't)

Teacher's Notes

whether it is buying, selling, or earning income.

4. Have the students add profit motive to their list. It can be defined simply as a desire to make a profit.
5. Now, have the students add the term profit which can be defined as "the share of income remaining after payment of all expenses; total receipts minus total costs of production." Taken from James E. Brown and Harold A. Wolf, Economics: Principles and Practices, Columbus, Ohio: Charles E. Merrill Publishing Company, 1971, page 525.
6. Discuss with the students the concept that individual self-interest is a major factor in our mixed market economy and that "a major factor in the concept of individual self-interest is the profit motive." Taken from Dwain Myers, Economic Concepts for Nebraska's Junior High School Students, page 11.
7. Distribute copies of Handout No. 5: Materials and Costs to the students.
8. Have the students think of some simple item they could make using the materials listed. Suggested items might include a paper airplane, a puppet, a fan, paper dolls, a paper balloon, mobile, etc.
9. Now, have the students list the materials they would need, the amount, and the cost involved to make their

Teaching Strategies (con't)

item. After they have determined the cost of their item, have them set a price at which they think they could sell their product. Use Handout No. 6: Pricing Products.

After discussing the questions on Handout No. 6, the students should conclude that they had their own self-interest in mind and their motivation for making the item was to make a profit. In other words, they were affected by the profit motive.

10. As an assignment for Lesson 3, have the students gather the materials necessary to make the item of their choice. Have each student make an item to be displayed in class the next day.

Teacher's Notes

Lesson 3

Investing and Profits

Materials Needed

1. Students' homemade items
2. Handout No. 7: Determining: Cost, Profit, and Loss
3. Handout No. 8: Investing and Decision Making
4. Handout No. 9: Profits and Large Corporations

Teaching Strategies

1. Have the students display their items around the room. Group those items that are alike together. Have the students choose several items they think they might enjoy owning. As an example for Handout No. 7, have the students choose an item that almost all of them agree they would enjoy owning. As an example, for Part II of Handout No. 7, have an item you are sure none of the students would enjoy owning.
2. Have the students fill out Parts I and II of Handout No. 7 for both the items, the one they would enjoy owning and the one they would not. Then, use Handout No. 8 and discuss the questions found there.
3. Begin the next part of the discussion with the following question: How much profit should a company make? Have the students fill out the third part of Handout No. 7.

   Explain that the 48 percent is basically what the Federal Government taxes corporate profits according to Herbert Stein, a former chairman of the President's Council of Economic Advisors

Teacher's Notes

and presently professor at the University of Virginia in an interview for Think magazine, November/December 1975.
Herbert Stein. "Profit and Capital Investment," Think, November/December 1975, reprinted in Thoughts on the American Business System (White Plains, New York: International Business Machines Corporation, 1977), page 15.

4. After each student has subtracted this 48 percent from his or her profit, explain that the cost of making the item has increased ten percent because of inflation.

   At this time, students will discover that what appears to be a large amount of profit may not even be enough to meet the expense of buying the goods necessary to make their item. This may lead to an interesting discussion about large corporations in America and how their rising prices are a result of taxation, inflation, and the profit motive. "The basic fact is that profits have declined significantly as a share of the national income. Of course, people have a generally exaggerated idea of how big the profit share is anyway, and even this small share has been falling. In 1956, profits were 13.2 percent of the national income. By 1969, that had fallen to 10.1 percent, and by 1975, the last full year, it was down to 8.5 percent. Thus, the share of profits has fallen

Teaching Strategies (con't)

by about 35 percent in less than two decades. These figures are based on calculations which exclude the "fictitious profits" due to the inflated value of business inventories. Inventory profits are fictitious in a period of inflation because eventually the inventories will have to be replaced at higher prices." Herbert Stein. "Profit and Capital Investment," Think, November/December 1975, reprinted in Thoughts on the American Business System, White Plains, New York: International Business Machines Corporations, 1977, page 13.

5. Use the questions on Handout No. 9. They can be helpful in stimulating this discussion. They apply basically to the large oil corporations.

Teacher's Notes

Lesson 4

Competition and Product Labeling

Materials Needed

1. Several different brands of the same product
2. Handout No. 10: Basic Car from Autotown
3. Handout No. 11: Different Brands, Same Product
4. Handout No. 12: Challenge Activities

Teaching Strategies

1. Review the previous day's discussion on how profit acts as a signal to the producer. Also, discuss or review the idea that if a product is making a profit, other producers will be encouraged to make a similar product with the hope of making a profit.
2. Display several different brands of the same product. Try to choose items the students will have seen in commercials on television or heard on the radio.
3. Ask the students the questions from Handout No. 11: Different Brands, Same Product.
4. After using Handout No. 11, explain to the students that this is what is known as competition, which can be defined as "the attempt by two or more sellers, acting independently, to outsell rival sellers or to attract their customers by offering more favorable terms." Taken from James E. Brown and Harold A. Wolf, Economics: Principles and Practices, Columbus, Ohio: Charles E. Merrill Publishing Company, 1971, page 519. This definition should be included on their list of economic terms and definitions.

Teacher's Notes

Teaching Strategies (con't)

Teacher's Notes

Competition is an important factor in our capitalistic economy. "Adam Smith believed that the "invisible hand" of competition forces a system which relies on self-interest and the profit motive to be fair to all or at least to most members of society." Taken from Dwain Myers, Economic Concepts for Nebraska's Junior High School Students.

5. Distribute Handout No. 10: Basic Car from Autotown.
6. Explain to the students their task as stated in the handout. Answer any questions they might have about the situation in Autotown. Have the students complete this handout as a group activity.
7. After the students have completed the handout, discuss the advantages of competition and the effects it has on both the producer and the consumer.
8. You may want to use Handout No. 12: Challenge Activities at this time. However, it is a set of optional activities, and therefore does not have to be used.
9. Tell the students they will be evaluated the next day over the material presented during the previous four days. Ask if there are any questions and allow time for discussion.

Lesson 5

Evaluation

Materials Needed

1. Handout No. 1: Pre-Test for Economic Incentives
2. Handout No. 13: Post-Test for Economic Incentives

Teaching Strategies

1. Use the first half of the class period to review the unit.
2. You may want to use the Pre-Test to help the students review.
3. Administer Handout No. 13: Post-Test for Economic Incentives, and discuss it in class.

Teacher's Notes

Bibliography

Brown, James E. and Harold A. Wolf. Economics: Principles and Practices. Columbus, Ohio: Charles E. Merrill Publishing Company, 1971, pages 518, 519, and 525.

Myers, Dwain. Economic Concepts for Nebraska's Junior High School Students. Lincoln, Nebraska: Nebraska Department of Education, 1978.

Stein, Herbert. "Profit and Capital Investment," Think, November/December, 1975. Reprinted in Thoughts on the American Business System, White Plains, New York: International Business Machines Corporation, 1977, pages 13 and 15.

APPENDIX

Unit V

Economic Incentives

by

Margaret McPherrin

HANDOUT NO. 1: PRE-TEST FOR ECONOMIC INCENTIVES

Part I

Place the letter of the correct answer in the blank to the left.

_____ 1. Capitalism is

a. a political system.
b. an economic system.
c. a group of state capitals.

_____ 2. Profit motive is

a. a factor in starting a business.
b. the desire to make a profit.
c. unrelated to economic practices.

_____ 3. Profit is

a. all the money one earns from selling a product.
b. what is left after the bills are paid.
c. insignificant to most people in business.

_____ 4. Loss is

a. what is declared when it costs more to make a product than what it can be sold for.
b. insignificant to most people in business.
c. how much money one earns in a year.

_____ 5. Competition

a. does not exist in the United States.
b. plays a very small role in a mixed market economy.
c. is rivalry between businesses.

Part II

Place a plus before each true statement and a zero before each false statement.

_____ 1. An important economic incentive is individual self-interest.

_____ 2. Capitalism and mixed market economy mean the same thing.

_____ 3. Individual self-interest and profit motive are important economic incentives in a mixed market economy.

_____ 4. Competition in our economy plays a significant role.

_____ 5. Producers are concerned very little with profit or loss.

HANDOUT NO. 2: I WANT TO START A BUSINESS

There is an opportunity for a bicycle shop in town. You have the necessary capital to start this business. You should ask yourself the following questions when considering going into business. Answer the questions yes or no. Circle your answer.

1.	Do I have an idea for a business?	YES	NO
2.	Do I have the necessary capital?	YES	NO
3.	Will I need a place for my business?	YES	NO
4.	Will there be people interested in my business?	YES	NO
5.	Will I be the owner of my business?	YES	NO
6.	Do I wish to make money from my business?	YES	NO
7.	Will I encounter any problems in my business?	YES	NO
8.	Will the federal government own a part or all of my business?	YES	NO
9.	Will there be a limited number of local, state, and federal restrictions?	YES	NO
10.	Could there someday be someone else in the same business?	YES	NO

HANDOUT NO. 3: STARTING A BUSINESS

1. Are there any restrictions to starting a business?

2. Assuming you have all the necessary financial means to start a business, are there any restrictions to starting a business?

3. Will there be any problems in starting a business?

4. What do you hope to gain by starting a business?

HANDOUT NO. 4: MIXED MARKET ECONOMY

The role our government plays determines that we have what is called a mixed market economy.

There are three major groups in our society that help in making decisions:

"Consumers who look for the best value in return for what they spend."

"Producers who seek the best income for what they offer."

"Governments--federal, state, and local which seek to promote the safety and welfare of the public and to provide services in the public interest." Taken from The American Economic System. . . and Your Part In It. The Advertising Council and the U. S. Department of Commerce in cooperation with the U. S. Department of Labor, page 3.

You may think of yourselves only as consumers. "But most people are a part of all three groups: consumers, producers, and as voters helping to influence decisions made by governments." Taken from The American Economic System. . .and Your Part In It. The Advertising Council and the U. S. Department of Commerce in cooperation with the U. S. Department of Labor, page 3.

HANDOUT NO. 5: MATERIALS AND COSTS

Materials	Cost
Paper	15¢/sheet
Paper clips	1¢ each
Staples	1¢ each
String	10¢/foot
Tongue depressors	5¢ each
Glue	40¢/bottle
Tape	10¢/foot
Crayons	15¢/box or 2¢ each
Paint	25¢/bottle
Thumbtacks	1¢ each
Paper fasteners	1¢ each
Brushes	20¢ each

MATERIALS NEEDED	COST	QUANTITY	TOTAL
Example: paper	15¢	20	$3.00
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Total cost to make _____

Cost to consumer* _____

*Remember to consider the time involved in making the item.

HANDOUT NO. 6: PRICING PRODUCTS

1. What is the reason for setting the price of your product at a certain level?

2. What did you want to achieve?

3. Were you concerned about any other person?

HANDOUT NO. 7: DETERMINING: COST, PROFIT, AND LOSS

Part I

Item A

Cost of making Item A _____ (1)

Cost of making twenty-five of Item A _____ (2)

Selling price of Item A _____ (3)

Total selling price of 25 items
(Line (3) x 25) _____ (4)

Subtract Line (2) from
Line (4) _____

_____

This total amount is what we call <u>profit</u>. _____

Part II

Item B

Cost of making Item B _____ (1)

Cost of making twenty-five of Item B _____ (2)

Selling price of Item B _____ (3)

Total selling price of ten items
(Line (3) x 10) _____ (4)

Subtract Line (2) from
Line (4) _____

_____

Total _____

This is what we call a <u>Loss</u>.

Part III

Profit of Item A	_____	(1)
Multiplied by 48%	_____	(2)
Total	_____	(3)
Subtract Line (3) from Line (1)	_____	
	_____	
Total	_____	(4)
Cost of making Item A	_____	(5)
Multiplied by 10%	_____	(6)
Total	_____	(7)
Subtract Line (7) from Line (4)	_____	
	_____	
Total	_____	(8)

Line (8) represents the amount left after taxes have been paid and a ten percent increase in cost has been subtracted.

Therefore, at first what seemed to be a reasonable profit may not be enough to cover the expenses of continuing the business. This is something to <u>think</u> about! Let's discuss it!

HANDOUT NO. 8: INVESTING AND DECISION MAKING

1. Which item as a producer would you be most interested in making? Why?

2. Which item would you not want to produce? Why?

3. Imagine you are an enterprising businessman or businesswoman. In which item would you be most interested in investing?

4. What questions would you need to ask yourself before investing your money?

5. What would be the main factor influencing your decision?

6. What kind of signal does high profit give the producer? Low profit or loss?

7. What effect does making a large profit have on a producer? Give examples in our society of profit making items.

8. Give examples of items that were in the market but are no longer on the market. Why do you think this is true?

HANDOUT NO. 9: PROFITS AND LARGE CORPORATIONS

1. What large corporations in the past few years have increased their prices substantially?

2. What were their reasons for doing so?

3. What was the public's attitude toward these price increases?

4. Did the government do anything in connection with the increased prices?

5. How does this relate to our earlier discussion of our country having a "mixed market economy"?

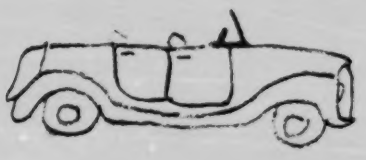
HANDOUT NO. 10: BASIC CAR FROM AUTOTOWN

"Extra, Extra, Mr. Big Time Money Brings the Automobile to Town"

This is the headline of the local newspaper in Autotown where you are living. Apparently, Mr. Money has decided to introduce the automobile to Autotown. It seems to be causing quite a stir, especially, when the cost is revealed. Ten-thousand dollars!

It seems to be a rather high-priced "contraption," since it consists of only four wheels, the frame, the body, and the mechanical parts to make it run (motor, battery, generator, exhaust pipe, etc.).

"Mr. Money's Car"



You and your friends have been thinking about starting a business. You decide an automobile factory may just be the answer. Therefore, the decision is made to participate in the free-enterprise system within which you live and give Mr. Big Time Money some competition.

Your task is to design a car, figure the cost, and estimate a selling price. Good luck!

HANDOUT NO. 11: DIFFERENT BRANDS, SAME PRODUCT

1. Why are there several brands of the same product?

2. What are the advantages of having several different brands of a product?

3. What kind of advertising jingles are associated with each brand?

4. What is each company trying to do?

5. Why is it important for there to be several different brands?

6. Because there are so many different brands, what must each company do?

HANDOUT NO. 12: CHALLENGE ACTIVITIES

The following activities can be as simple or as detailed as desired, depending on the age and interests of the junior high students.

Challenge Activity No. 1

Have students determine the actual procedure needed to start a business.

Challenge Activity No. 2

Have students write a research paper on the following topics:

a. New Invention Successes

b. Oil Companies: Profit or Loss

Challenge Activity No. 3

Have students make a list of advertising jingles for several products.

HANDOUT NO. 13: POST-TEST FOR ECONOMIC INCENTIVES

Part I

Define the following terms:

1. Capitalism
2. Profit Motive
3. Profit
4. Competition

Part II

Briefly answer each of the following questions:

1. Briefly explain the difference between a mixed market economy and capitalism.

2. Identify and describe the two economic incentives that have been discussed during this unit.

3. Describe how self-interest and profit motive stimulate a mixed market economy.

4. Explain the effect profit, as a signal, has on producers.

5. Describe the importance of competition on a mixed market economy. How does it benefit most of the people? How does it help to improve a product?

6. After studying about economic incentives, what reason would you give for going into business for yourself?

TRANSPARENCY A: I WANT TO START A BUSINESS

There is an opportunity for a bicycle shop in town. You have the necessary capital to start this business. You should ask yourself the following questions when considering going into business. Answer the questions yes or no. Circle your answer.

1.	Do I have an idea for a business?	YES	NO
2.	Do I have the necessary capital?	YES	NO
3.	Will I need a place for my business?	YES	NO
4.	Will there be people interested in my business?	YES	NO
		YES	NO
5.	Will I be the owner of my business?	YES	NO
6.	Do I wish to make money from my business?	YES	NO
7.	Will I encounter any problems in my business?	YES	NO
8.	Will the federal government own a part or all of my business?	YES	NO
9.	Will there be a limited number of local, state, and federal restrictions?	YES	NO
10.	Could there someday be someone else in the same business?	YES	NO

UNIT VI

Specialization, Comparative Advantage and The Division of Labor

by

Coleen Shepler
Irving Junior High School
Lincoln, Nebraska

September, 1978

ABSTRACT

The following pages contain a concise one-week plan to help students become aware of the concepts of specialization, division of labor, and comparative advantage in economics. Students will be asked to develop an understanding of how specialization, division of labor, and comparative advantage have helped to improve the technological advances as well as the living standards of many Americans.

RECOMMENDED LEVEL

This unit was written for students in grades 8 and 9. However, with some modifications it can be used in other junior and senior high grades.

TIME REQUIRED

This unit is based on approximately five/six fifty-minute periods.

MAJOR TEACHING STRATEGIES

A combination of classroom discussions and activities will include the teaching strategies of concept listing, observations, comparing, generalizing, and brainstorming.

MATERIALS NEEDED

Materials needed for this unit will be given as a part of each daily lesson plan.

GENERALIZATIONS

When students have completed this unit, they should be able to make the following generalizations:

1. Specialization and the division of labor have helped to raise the living standards of most Americans.
2. A country benefits in trade with other countries because of the comparative advantages that each specific county enjoys in relation to the other country.

OBJECTIVES

When the students have completed this unit, they should be able

1. To define specialization, division of labor, and comparative advantage.
2. To explain how these economic concepts have helped to improve our standard of living by providing more jobs and more products.
3. To explain how comparative advantage in economics can change their daily lives by providing them with products from other countries.

Lesson 1

Production and Division of Labor

Materials Needed

1. Handout No. 1: Henry Ford
2. Handout No. 2: Specialization and Division of Labor

Teaching Strategies

1. Begin by reading Handout No. 1 about Henry Ford and the assembly line process. Discuss with students the methods and ideas that Henry Ford used for producing his automobile.
2. Next, ask students to define the concepts of specialization and division of labor. Use Handout No. 1 to help them.
3. Finally, students could discuss ways in which tasks are divided around home to help get the work done. This could be done by class discussion or in small groups. Of course, the objective would be to see how dividing the tasks would make the work go faster.

   NOTE: The discussion of Henry Ford and his Model T could relate very well to the industrial revolution if one were studying it at this time.

Teacher's Notes

Lesson 2

Specialization and the Assembly Line

Materials Needed

1. Enough tinker toys or building blocks for use by the whole class
2. A model built out of tinker toys or building blocks

Teaching Strategies

1. Today is an opportunity for the students to experience working with the concepts of division of labor and specialization.
   Use the tinker toy "machine" that you built as a model. Place it where all students can view it.
2. Group students and let them practice building several copies of a machine. Point out to students that this activity is training for their job.
3. After students have practiced for about twenty minutes, re-group them, and ask them to put themselves on an assembly-line procedure. Allow them about five minutes to work out their procedure. Then begin timing them so that the various groups can compete to see which group can produce the most "machines."
4. To contrast the assembly-line process, assign several persons to build the machines by themselves.
   At the end of the period, discuss again the concepts of specialization and division of labor. Ask them what they have learned about these two concepts.

Teacher's Notes

Lesson 3

A Field Trip to a Manufacturing Plant

Materials Needed

Make advanced preparation for a field trip to a factory that uses the idea of specialization and division of labor.

Teaching Strategies

1. Arrange to take your students on a field trip to a factory or processing plant that would use an assembly line process, division of labor, and specialization. Examples in Lincoln might be the Coca-Cola bottling plant, and Good Year Tire and Rubber Company.
2. Ask students to write a one-page essay on their reactions to the assembly line process for homework.

Teacher's Notes

Lesson 4

Specialization and Comparative Advantage

Materials Needed

There are no special materials needed for this lesson.

Teaching Strategies

1. Begin by discussing the field trip. Have students read their essays aloud.
2. Have a student list common impressions of the manufacturing plant on the chalkboard. Discuss these impressions.
3. Use Handout No. 3: Comparative Advantage to help students understand this important companion concept of Specialization and Division of Labor. Discuss the handout with the students.
4. Continue with a discussion of how comparative advantage works on an international basis. Ask students for examples which you can list on the chalkboard.

   The discussion should then emphasize how specialization and division of labor have helped to improve the economy of the United States by providing more jobs and increasing trade with other countries.

Teacher's Notes

Teaching Strategies (con't)

5. There are some disadvantages of assembly line work.
   Read the short statement below to the students and ask them to list some disadvantages of assembly line work on the chalkboard.
   "...specialized knowledge may prevent a person from having a broad power of judgment."
   Taken from Choices and Decisions: Economics and Society, Boston: Allyn and Bacon, 1977.

Teacher's Notes

Lesson 5

Evaluation

Materials Needed

Handout No. 4: Post-Test for Specialization, Comparative Advantage, and the Division of Labor

Teaching Strategies

1. Review the unit orally with the students.
2. Administer Handout No. 4: Post-Test.
3. Discuss the Post-Test with the students.

Teacher's Notes

BIBLIOGRAPHY

Choices and Decisions: Economics and Society. Boston: Allyn and Bacon, 1977, page 157.

Consumer. Topeka, Kansas: Kansas State Department of Education, 1974, page 21.

Mullison, Joan, Ed. Introducing Economics. Pub. Service Department, Federal Reserve Bank of Boston, Nov. 1976.

Myers, Dwain. Economic Concepts for Nebraska's Junior High School Students. Lincoln, Nebraska: Nebraska Department of Education, 1978.

Nixon, Ida M., ed. Economic Education for Arkansas Elementary Schools. Little Rock, Arkansas: Arkansas State Department of Education, 1969.

Sampson, Mortenson, and Marienhoff. The American Economy: Analysis, Issues, Principles. Boston: Houghton Mifflin Co., 1975.

Wood, Leonard C. America: Its People and Values. N.Y.: Harcourt, Brace, Jovanovich, 1975, pages 601-602.

APPENDIX

Unit VI

Specialization, Comparative Advantage, and the Division of Labor

by

Coleen Shepler

HANDOUT NO. 1: HENRY FORD

"The first automobiles were too expensive for most people. Prices ranged from $5,000 to $10,000, or even more. For this reason, the first cars were bought by racing car drivers and a few wealthy people. Fame and fortune awaited the manufacturer who could market a low-priced automobile. The man who did it was Henry Ford. Henry Ford succeeded in producing a low-priced automobile by putting all his efforts into one simple model--the famous "Model T." Ford also introduced a new and cheaper way of assembling automobiles--that is, putting the different parts of the car together. In the early days of automobile manufacturing, workers brought together in one place all the parts that went into a car. Then the workers assembled the car from these parts.

Ford's method was just the opposite. He placed his workers on an assembly line. The automobile was built as it rolled along the assembly line on a track from one worker to another. As the automobile reached each worker, an overhead conveyor belt brought him a part, such as a battery or a steering wheel. After the worker added the part, the automobile moved on along the assembly line until it was completely built. At the end of the line, the car was driven off under its own power. Because Ford's Model T was mass produced, the price was low. By 1916, the car sold for $400.00."

Taken from Wood, Leonard C., America: Its People and Values, N.Y.: Harcourt, Brace, Jovanovich, 1975, pages 601-602.

HANDOUT NO. 2: SPECIALIZATION AND DIVISION OF LABOR

"The idea is to divide up the task, each doing his own job and the whole job will be done better and faster. As each person becomes experienced and skilled at his task, he will add to the whole.

The concept of division of labor has done pretty well. The assembly line is based on it. In fact our whole system is based on the idea. Specialization occurs quite rapidly as technology advances, as does interdependence.

Taken from Consumer, Kansas State Department of Education, Topeka, Kansas, 1974, page 21.

HANDOUT NO. 3: COMPARATIVE ADVANTAGE

"A companion concept of specialization and division of labor is the concept of comparative advantage. This idea merely takes specialization a bit further. For example, Nebraska tends to specialize in producing agricultural products while Detroit tends to specialize in manufacturing automobiles. Nebraska would be inefficient in the production of automobiles because of an insufficient labor force and a lack of access to materials such as steel. The Detroit area would be relatively inefficent in large scale agricultural production because of the climate and the lack of available land. In agricultural production, Nebraska enjoys a comparative advantage over Detroit. On the other hand, Detroit enjoys a comparative advantage over Nebraska in manufacturing cars."

"Specialization, division of labor, and comparative advantage are important concepts because they show how and why the United States has moved in 200 years from a nation of self-sufficient, self-employed farmers to basically a nation of employees."

Taken from Economic Concepts for Nebraska's Junior High School Students by Dwain Myers.

HANDOUT NO. 4: POST-TEST FOR SPECIALIZATION, COMPARATIVE ADVANTAGE, AND THE DIVISION OF LABOR

Answer the following questions:

1. In your own words define

   a. specialization

   b. division of labor

   c. comparative advantage

2. Explain how the division of labor, specialization, and comparative advanage can

   a. help to improve our economy and standard of living.

   b. improve trade relations with other countries.

UNIT VII

INTERDEPENDENCE

by

Coleen Shepler
Irving Junior High School
Lincoln, Nebraska

September, 1978

ABSTRACT

The following pages contain a concise one-week plan to make junior high students aware of the concept of interdependence within our economy. Students will be asked to examine interdependence, a concept which they may be taking for granted, by looking at a product that requires a great deal of time and energy to prepare. Also, they will examine current issues such as strikes by the farmers and the coal miners, and how these strikes may affect their lives. Other more current strikes or economic problems may be substituted in this unit.

RECOMMENDED LEVEL

This unit is planned for junior high school students. It may be used at any grade in the junior high school, but the teacher will want to be flexible in his or her expectations since ninth graders are obviously more sophisticated than seventh graders. Therefore, they will probably be able to complete this unit much more easily.

TIME REQUIRED

This unit was designed to be used for five fifty-minute periods. Student interest may help the teacher to decide if the unit should be shorter or longer.

MAJOR TEACHING STRATEGIES

A combination of classroom discussions and writing activities will be used. The teaching strategies of listing, comparing, drawing inferences, and generalizing will also be used.

MATERIALS NEEDED

Materials needed for this unit will be given as a part of each daily lesson plan.

GENERALIZATIONS

When students have completed this unit, they should be able to make the following generalizations.

1. There is an interdependence in the economy between consumer, businessman, farmer, and the government which can directly affect every person's life in the United States.
2. Americans live in a society that depends on modern transportation and modern technology for a balance within our economy.

OBJECTIVES

When the students have completed this unit, they should be able

1. To define interdependence.
2. To describe how modern technology and modern transportation can affect interdependence.
3. To list at least two current issues that are directly affecting their lives due to interdependence within the economy.
4. To compare the interdependence they find in their immediate surroundings to those on a national and international level.

Lesson 1

Chocolate Pie and Interdependence

Materials Needed

1. One piece of chocolate pie
2. Transparency A
3. Magazines for product ideas
4. Colored pencils for students
5. Overhead projector

Teaching Strategies

1. Begin by naming the ingredients of the chocolate pie. Students can help. The pie should have a crust, chocolate filling, and meringue topping.

   Ingredients

   crust - flour, salt, shortening
   meringue - egg whites, vanilla, sugar
   chocolate filling - pudding mix and milk

2. Show Transparency A that explains how interdependence exists in the making of the piece of chocolate pie. Discuss the effects of technology and the modes of transportation from all over the world in the creation of this product.
3. At this point, ask students if they can give a definition of interdependence. The following statement is an explanation of interdependence from The American Economy: "The economic system is made up of many interrelated parts that work together as a whole. The activities of business firms, farmers, banking and financial institutions, labor unions, government agencies and foreign governments all significantly influence people's everyday lives."

Teacher's Notes

Teaching Strategies (con't)

Taken from The American Economy by Sampson, Mortenson, and Marienhoff, Boston: Houghton Mifflin, 1975, page 3.

4. For the remainder of the period, ask students to think of a possible product to diagram and consider in terms of interdependence. They can use magazines for ideas and the colored pencils for preparing their diagrams. Their examples of interdependence will be due later in the week at which time they can be placed on the bulletin board.
5. Ask students to write a paragraph explaining their diagram. More time for the completion of this activity can be given in Lesson 2.

Teacher's Notes

Lesson 2

Economic Interdependence in Our Daily Lives

Materials Needed

1. Transparency B
2. Several sheets of butcher paper
3. Masking tape
4. Magic markers
5. Overhead projector

Teaching Strategies

1. Begin by grouping students into groups of five. Ask them to make a list of things that they depend on in the morning to get them ready for school.
2. Give each group a sheet of butcher paper and a magic marker. Students will write their list on the butcher paper.
   The lists can be very long. For example, they may include clothes, baths, breakfast, and transportation. Lists can be left up throughout the remainder of the week.
3. Ask a spokesperson from each group to repeat the items on their list for the entire class. There is no need to repeat the same items each time.
4. Write a list of the major items on the chalkboard.
5. Ask students to explain how the economic concept of interdependence affects each item listed on the chalkboard.
   The purpose of this discussion is to reinforce the importance of interdependence in our daily lives.

Teacher's Notes

Teaching Strategies (con't)

6. Use Transparency B. Ask individual students from the class to explain it. You can bring out the point that both improved transportation and improved technology have affected the economic cycles.
7. Prepare students for the speaker who will talk during Lesson 3. Tell them about the person.
   For homework, have them prepare a list of questions to ask the speaker.
8. If there is time left, allow the students to work on their product diagrams and their descriptions. If not enough time is left, ask them to complete these diagrams for homework.

Teacher's Notes

Lesson 4

An Exchange of Ideas About Interdependence

Materials Needed

There will be no special materials necessary for Lesson 3. However, in order to obtain a speaker, you will have to do some advanced organizing and explaining about what has been discussed during the first two days of the unit so that the speaker will understand what the students have just discussed. Invite a businessperson or a farmer to class to explain his or her role in the economy and how his or her business is affected by the cycle which was explained in Lesson 2.

Teaching Strategies

1. Ask the speaker to explain how he or she must depend on other businesses in order to make a living.
2. Ask the speaker to trace the route his or her product must take before it reaches the hands of the consumer.
3. Ask the speaker to explain the part government plays in providing him or her with services and the part that taxes play in his or her business operation.
4. When the speaker has given his talk, allow students to ask questions. Students should have prepared questions ahead of time, but should not have to stick with them if they have other more interesting questions or if the speaker answered their questions.

Teacher's Notes

Lesson 4

The Cycle of Interdependence

Materials Needed

1. Transparency C
2. Reading materials about strike situations (optional). Some sources are listed in the bibliography.
3. Handout No. 1: The Cycle of Interdependence
4. Overhead projector

Teaching Strategies

1. Begin by reviewing the ideas which the speaker expressed during Lesson 3.
   a. Ask students to define interdependence.
   b. Ask students to refer to their product diagrams of interdependence. Some students can be selected to put their product diagrams on the chalkboard. Discuss these briefly.
2. Give the students Handout No. 1, and ask them to read it.
3. Place Transparency C on the overhead at this time. Explain the interrelations of the ideas on Transparency C. Refer students to Handout No. 1, and ask someone to summarize the concept of Interdependence.
4. After the above discussion, explain to the students once again, but briefly, how interdependence is always affecting them.

   Choose a current event. Newspapers and magazines are constantly giving information about a strike. Choose a strike and trace how it could affect the students directly.

Teacher's Notes

Teaching Strategies (con't)

Teacher's Notes

An example: a coal strike can affect people in many ways. If the strike continues long enough, the cost of coal can rise and rise and thereby soon affect the prices of all fuel. The people who mine the coal and transport it lose their jobs.

The government may feel it must take some measure to conserve energy. This can directly affect the students' lifestyles.

Also there are many other avenues such a strike could take. In a state directly affected by such a strike, mandatory closing of stores or having only half days of school could result.

5. Briefly review with students the ideas discussed during the past four days.
   a. What is interdependence?
   b. How does modernization in transportation and technology affect the economy?
   c. How do the activities of businesspeople, farmers, bankers, and government employees affect the prices and availability of products we have learned to depend on?
6. Students should keep these ideas in mind and think about how the farmers' strike may affect their lives directly.

For Lesson 5, pass out Handout No. 2: Evaluation.

Students should answer the four questions as a homework assignment.

Lesson 5

Evaluation

Materials Needed

1. Handout No. 2: Evaluation
2. Handout No. 3: A Case Study of Interdependence

Teaching Strategies

1. Begin by giving the students 10-15 minutes to reread and to make any changes in the evaluation homework assignment from Lesson 4.
2. Choose some students and ask them to read their answers to questions 1 and 2 aloud.
3. Pass out Handout No. 3. Give students time to read it. Then ask: How does your example differ from this one?
4. Spend some time discussing questions 3 and 4 on Handout No. 2. Incorporate students' ideas into the section for Teacher's Notes.
5. Collect Handout No. 2 which you will evaluate and return.

Teacher's Notes

BIBLIOGRAPHY

"Almost Everyone is the Victim," Time, Vol. 108, Aug. 9, 1976, page 53.

"Behind the Unrest on America's Farms: Parity - What Strike Is All About," U. S. News, Vol. 83, Dec. 26, 1977, pages 69-70.

"Coal Miners Walk Out," Time, Vol. 110, Dec. 12, 1977, page 72.

Frailey, F. W. "Wildcat Strikes: Preview of Turmoil in Coal Fields," U. S. News, Vol. 83, Sept. 5, 1977, pages 65-67.

"Furious Farmers," Time, Vol. 110, Dec. 19, 1977, page 17.

Nicholson, T. "Tractor Rebellion," Newsweek, Vol. 90, Dec. 19, 1977, page 57.

Sampson, Mortenson, Marienhoff. The American Economy: Analysis, Issues, Principles. Boston: Houghton Mifflin Co., 1975, pages 1-6.

"Striking Out of Weakness?", Time, Vol. 110, Oct. 24, 1977, page 64.

"Why a Coal Strike Isn't What it Used To Be," U. S. News, Vol. 83, Dec. 19, 1977, page 86.

APPENDIX

Unit VII

I n t e r d e p e n d e n c e

by

Coleen Shepler

HANDOUT NO. 1: THE CYCLE OF INTERDEPENDENCE

"Households and businesses request goods and services from various levels of government. In return, they pay for these goods and services with their taxes. To provide the collective goods and services, the government purchases productive resources. In return, more income is provided for the households and businesses."*

*Economic Concepts for Nebraska's Junior High School Students, by Dwain Myers, Nebraska Department of Education, 1978.

HANDOUT NO. 2: EVALUATION

Answer the following questions.

1. In your own words, define interdependence as it was discussed in class.

2. Based on the speaker's presentation during Lesson 3, explain what would happen to the economy
   a. if the businessman/farmer went on strike and stopped offering services/producing farm goods.

   b. how this could directly affect the lives of people in your community.

3. What parts of this unit did you enjoy the most?

   What parts of this unit did you find most interesting?

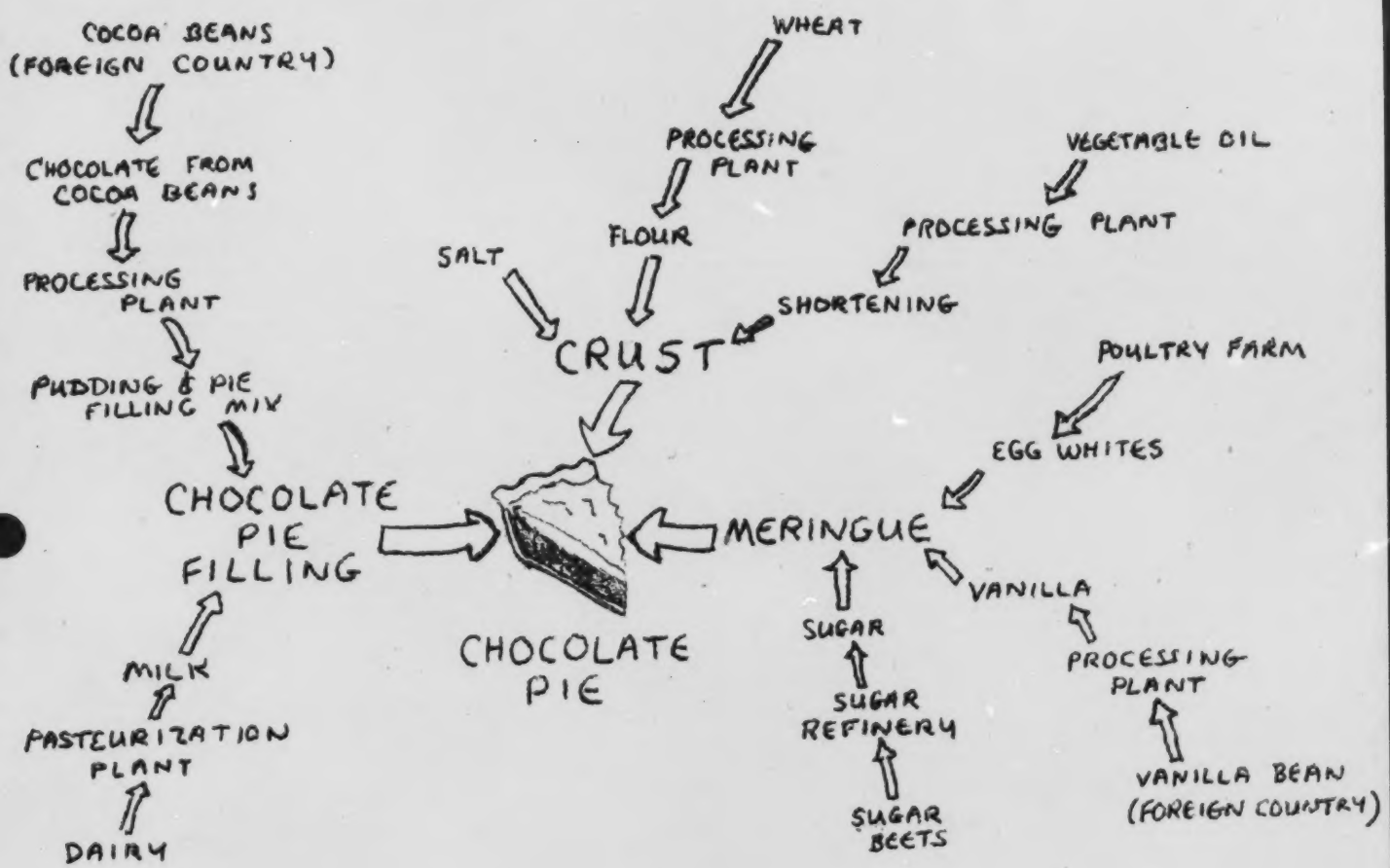
4. How could this unit be improved?

HANDOUT NO. 3: A CASE STUDY OF INTERDEPENDENCE

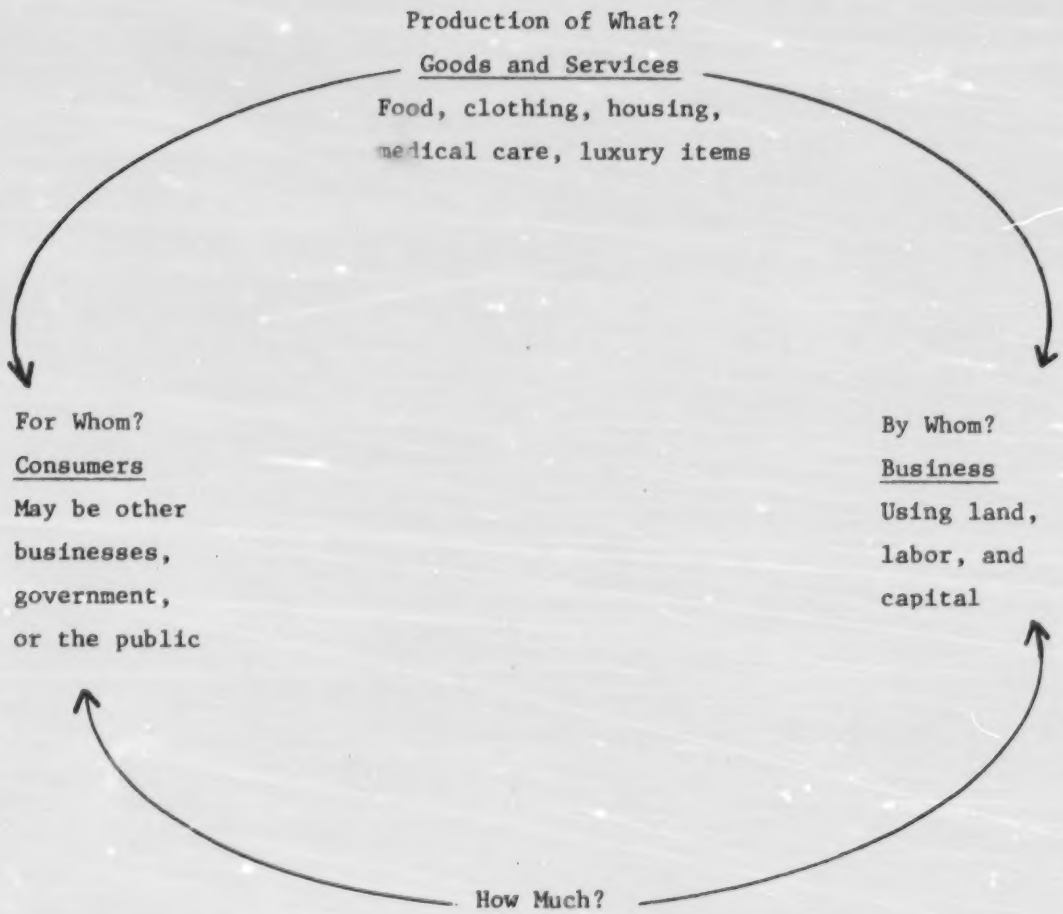
"Many students in cities in Nebraska think that agriculture does not have any impact on them. Let us assume that a young man is a construction worker in Grand Island. Assume that farm income in the state is down because of drought and low commodity prices. Since much of the economic activity in Grand Island comes from the surrounding farm areas, a decline in economic activities in agriculture will cause a decline in retail sales in Grand Island. This slow down in economic activity may mean that workers will be laid off in businesses that produce products and services used in agriculture. All of these factors cause a lower level of economic activity. The result will be that businesses in the Grand Island area will not be likely to undertake new construction projects to expand their facilities. Also, there will probably be a slow down in residential construction. Due to this chain of events and the interdependent nature of all economic activity, our young construction worker who thought that his life had nothing to do with agriculture is unable to find employment."*

*Economic Concepts for Nebraska's Junior High School Student, by Dwain Myers, published by the Nebraska Department of Education, 1978.

TRANSPARENCY A: INTERDEPENDENCE AND A CHOCOLATE PIE

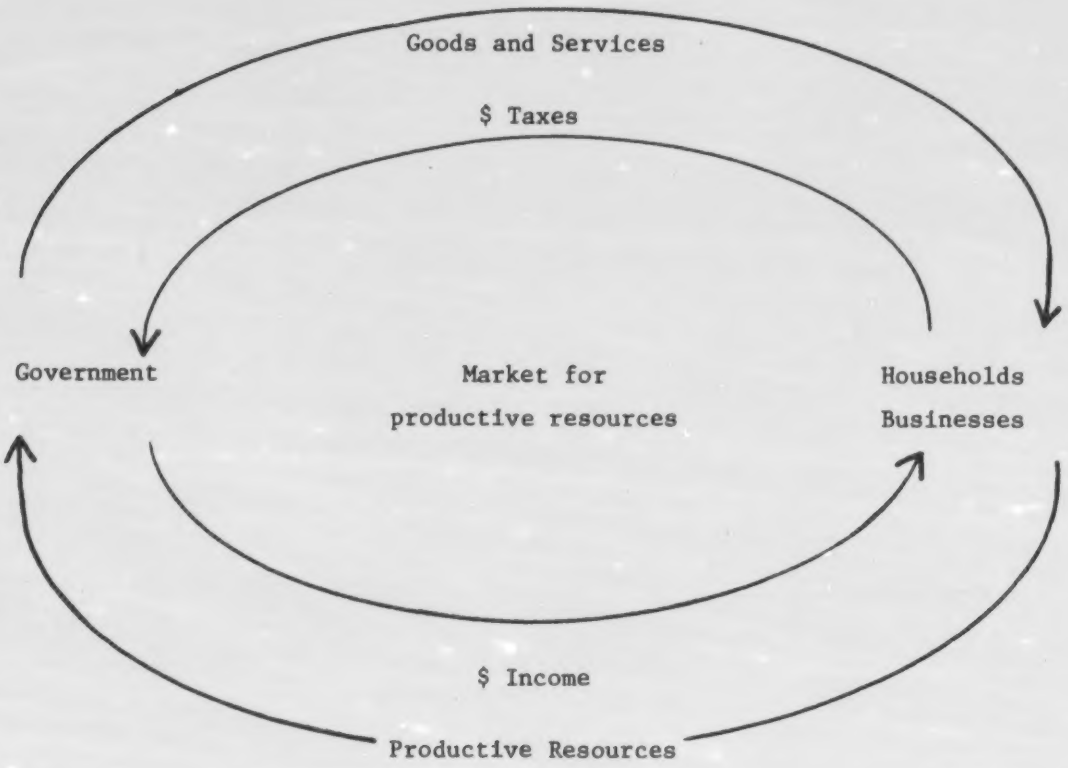


TRANSPARENCY B


Production of What?
Goods and Services
Food, clothing, housing, medical care, luxury items
For Whom?
Consumers
May be other businesses, government, or the public
By Whom?
Business
Using land, labor, and capital
How Much?
A Supply Equaling Demand
Price is determined by demand and supply, and also affects distribution to consumers

Transparency B taken from Sampson, Mortenson, Marienhoff, The American Economy: Analysis, Issues, Principles, Boston: Houghton Mifflin, 1975, page 5.

TRANSPARENCY C



Taken from Economic Concepts for Nebraska's Junior High School Student, by Dwain Myers, Nebraska Department of Education, 1978.

UNIT VIII

Markets, Supply, and Demand

by

James Wendland
Norfolk Junior High School
Norfolk, Nebraska

September, 1978

ABSTRACT

The following pages contain a concise one-week plan to make junior high students aware of the concepts of supply, demand, and markets in our economy. Students will explore the effects of these forces on their daily lives. Students will also examine the farm problem to discover its relationship to supply, demand, and the markets.

TIME REQUIRED

This unit is planned for junior high schools who will deal with this topic for approximately five fifty-minute periods.

MAJOR TEACHING STRATEGIES

Classroom discussions, writing activities, listing, comparing, graph construction, drawing inferences, and generalizing will be the major teaching strategies used in this unit. Some of these activities will be related to the case study provided with this unit.

MATERIALS NEEDED

Materials needed for this unit will be given as a part of each daily lesson plan.

GENERALIZATIONS

When students have completed this unit, they should be able to make the following generalizations:

1. The market is the main system used in the United States to decide what goods and services are produced and who will receive them.
2. Supply and demand are the components of the market system and greatly affect prices.
3. In general, high prices encourage a greater supply of goods and services; low prices discourages the production of goods and services.

4. In general, low prices encourage a greater demand for goods and services; high prices discourage the demand for goods and services.

OBJECTIVES

When the students have completed this unit, they should be able

1. To define the terms market, supply, and demand.
2. To describe the law of supply and demand.
3. To explain the effect of supply and demand on the price.
4. To explain the effect of supply and demand on the market.

Lesson 1

Prices, Supply and Demand

Materials Needed

1. Handout No. 1: Pre-Test for Markets, Supply, and Demand, a copy for each student
2. Handout No. 2: Word Research Puzzle, a copy for each student
3. Handout No. 3: Interview with Store Managers
4. Overhead projector

Teaching Strategies

1. Administer Handout No. 1: Pre-Test to students to determine the extent of their familiarity with some of the ideas related to price, supply, and demand (and their relationship to the market). Correct the test in class.
2. When students have completed the Pre-Test, have them compile a list of five goods and services which they used from the time they woke up until they arrived at school. (This list could include such things as toothpaste, soap, breakfast food, electricity, running water, natural gas, etc.)
3. When the lists are completed, the teacher should go over the lists with the class. A master list can be composed on the chalkboard or overhead.
4. Pick out a number of common goods and services and ask members of the class how "useful" they are. Point out differences in student choices of things such as tapes or records, movies or television shows, magazines, etc.

Teacher's Notes

Teaching Strategies (con't)

(from Louis M. Spadaro, Economics (Teacher's Manual), New York: The Bruce Publishing Company, 1969, pp. 19-20).

5. At this point, ask students if anyone can define "utility." (Utility is the ability of goods and services to satisfy our wants and desires.) Introduce the idea of demand. Demand shows "the amount that all consumers will purchase at given prices for a given period of time." Taken from Economic Concepts for Nebraska's Junior High School Students by Dwain Myers.
6. Give each student a copy of Handout No. 2: Word Research Puzzle. Use it as a vocabulary exercise.
7. Give each student a copy of Handout No. 3: Interview with Store Managers. Then divide the class into teams, and have them interview store managers.
8. Collect all copies of Handout No. 1: Pre-Test and hold until Lesson 5. You will use them again for comparison purposes.

It is quite possible that you will not complete all of the teaching strategies listed for this lesson. If you don't, you can move them into Lesson 2 and so on. Naturally, you can also decide not to use some of the activities. Your judgment about what to use or what not to use is crucial. It is better not to use all of the strategies than it is to rush through them and leave students with a poor understanding of the topic.

Teacher's Notes

Lesson 2

The Law of Supply and Demand

Materials Needed

1. Transparency A: Supply Curve
2. Transparency B: Demand Curve
3. Graph paper

Teaching Strategies

1. Have the teams report on their interview with the store managers or owners. Discuss and compare the reports of the various teams.
2. Use Transparencies A and B to illustrate the law of supply and the law of demand. The law of supply is that at higher prices, suppliers are willing to provide more goods than at lower prices. The law of demand is that as the price of a good declines, a larger quantity will be purchased. By overlaying Transparency A: Supply and Drive, and Transparency B: Demand Curve, you can show the equilibrium price. This is the price that satisfies both producers (suppliers) and consumers (demanders). Therefore, it is the price that will prevail.
3. Discuss supply and demand. Be certain that students understand what each term means. Use examples of scarce items to illustrate how scarce items demand higher prices.
4. For homework, ask the students to construct a demand curve and a supply curve for minibikes. Their demand and supply curves should be based on the data provided in the following tables.

Teacher's Notes

Teaching Strategies (con't)

Price per minibike	Quantity demanded per year
$750.00	3 million
$500.00	6 million
$350.00	9 million
$250.00	12 million
$150.00	15 million
$100.00	18 million

Price per minibike	Quantity supplied per year
$750.00	18 million
$500.00	15 million
$350.00	12 million
$250.00	9 million
$150.00	6 million
$100.00	3 million

Teacher's Notes

Lesson 3

The Farmer Versus the Law of Supply and Demand

Materials Needed

1. Handout No. 4: A Case Study: The Farmer Versus the Law of Supply and Demand
2. Handout No. 5: Questions to Accompany the Case Study
3. The Answer Key to Handout No. 5

Teaching Strategies

1. Have some students put their minibike supply and demand curves on the chalkboard. Discuss them briefly. Make sure everyone knows how to complete this assignment. Collect the papers, and check them for accuracy. Return them at the end of the week.
2. Give each student a copy of Handouts 4 and 5. Have them read the case study silently, and write out the answers to the questions.
3. When the students have completed the case study and have answered the questions, use the questions and their answers as a basis for class discussion as a follow-up activity.

Teacher's Notes

Lesson 4

The Farmer's Dilemma

Materials Needed

Invite a speaker from W.I.F.E. to class. However, this will take some advanced organizing and explaining about the things which were discussed in Lesson 3, so that the speaker will understand what the students have just discussed.

The speaker will be able to provide the farmer's point of view towards the market. This might include things such as how much influence a price fluctuation of a few cents has on a farmer's income, or how an oversupply of a product forces prices below the cost of production, or why some farmers have chosen to take some land out of production. The speaker may also speak about political activities that farmers can engage in to help themselves.

There should be time allowed for the students to ask questions.

There are no special materials or supplies that you will need for this lesson.

Teaching Strategies

1. Invite a speaker from W.I.F.E.
2. Orient her about the class topic beforehand.
3. Have students write down questions as she speaks so they won't forget their questions.
4. When the speaker finishes, allow students to ask questions.
5. After the speaker has gone, debrief students. Zero in on supply and demand again.

Teacher's Notes

Lesson 5

Review and Evaluation

Materials Needed

1. Handout No. 1, a copy for each student
2. Handout No. 6, a copy for each student

Teaching Strategies

1. Review with the students the ideas discussed during the past four lessons. Review the law of supply and demand and its relationship to price.
2. Review the definitions of the following terms: market, demand, supply, price, consumer, buyer's market, seller's market, elastic demand, monopoly, and utility.
3. Give each student a copy of Handout No. 1, and explain that they will take the Pre-Test as a Post-Test to see how much they have gained in knowledge.
4. Give out Handout No. 6, and tell students that this is the second part of their evaluation.
5. When students have completed Handouts 1 and 6, correct the tests in class. Discuss the questions.
6. Return Handout 1 the Pre-Test to the students and have them compare their scores to see how much they improved.

Teacher's Notes

BIBLIOGRAPHY

Miller, Roger L. Economics Today and Tomorrow. San Francisco: Canfield Press, 1975, pages 124-131.

Myers, Dwain. Economic Concepts for Nebraska's Junior High School Students. Lincoln, Nebraska: The Nebraska Department of Education, 1978.

Spadaro, Louis M. Economics (Teacher's Manual). New York: The Bruce Publishing Company, 1969, pages 19-20.

Warmke, Wyllie, Wilson, and Eyster. Consumer Economics Problems. Eighth Edition, Cincinnati: South-Western Publishing Co., 1978, pages 315-330.

APPENDIX

Unit VIII

Markets, Supply, and Demand

by

James Wendland

HANDOUT NO. 1: PRE-TEST FOR MARKETS, SUPPLY, AND DEMAND

Place a plus before each true statement and a zero before each false statement.

____ 1. Goods and services have value when they satisfy economic needs and wants.

____ 2. If price remains above the cost of producing a good or service, new competitors are likely to enter the field.

____ 3. High prices tend to increase the production of goods and services.

____ 4. Low prices tend to increase the production of goods and services.

____ 5. A buyer's market exists when the demand is high and the supply is low.

____ 6. A seller's market exists when the demand is high and the supply is low.

____ 7. An increase in the price of a product tends to reduce the amount of that product which will be produced.

____ 8. Demand for a good or service is not affected by the amount of money that people have to spend.

____ 9. Demand for a good or service is affected by a change in people's habits and wants.

____ 10. Elastic demand is the type which changes very little when prices change.

____ 11. Demand causes price to increase when supply of a good is limited.

____ 12. When the price of a good gets too high, people sometimes buy something else.

____ 13. A monopoly, such as the telephone company, encourages competition.

____ 14. Supply and demand determine the rates charged by the telephone company.

____ 15. High production (an increase in supply) tends to increase prices.

____ 16. The ability of goods and services to satisfy our wants and desires is called utility.

SOURCE: Adapted from Warmke, Wyllie, Wilson, and Eyster, Consumer Economic Problems, Eighth Edition, Cincinnati: South-Western Publishing Co., 1971, pages 315-330.

HANDOUT NO. 2: WORD RESEARCH PUZZLE

F D E M S U P G P T O Y A B
D R I D E M A N D L L A R U
R A L O L U Z M O O I P B Y
S U P P L Y U C P F P R U E
L U M K E O R O R R N D F R
B T A A R F N N I P I G Q S
Z I R L S O I S F S H C H M
R L K M M P F U G U R N E A
Q I E N A S Q M E C R O R R
L T T Z R T X E C O N S U K
F Y E A K L T R O R Z L X E
H P R Q E L M I N T P X S T
E L A S T I C D E M A N D Z

Find the words above and place them in the correct sentences below.

1. The _ _ _ _ _ _ _ is the primary institution in the U. S. to decide what is produced and who will receive it.
2. The wants of the consumer are known as _ _ _ _ _ _ _.
3. The amount of goods available to the consumer is known as _ _ _ _ _ _ _.
4. _ _ _ _ _ _ is the amount of money necessary to buy a good or service.
5. A _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ exists when supply is great and demand is low.
6. A _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ exists when demand is high and supply is low.
7. _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ exists when a change in price of a good causes considerable change in the amount of a good bought.
8. When a producer is free from competition and has total power to determine prices he has a _ _ _ _ _ _ _ _ _.
9. _ _ _ _ _ _ _ _ is the ability of goods and services to satisfy our wants and needs.
10. A _ _ _ _ _ _ _ _ _ is a person who buys goods and services to satisfy his or her wants.

HANDOUT NO. 3: INTERVIEW WITH STORE MANAGERS

1. What effect has a recent price change on a popular item had on sales volume?

2. Do you think the effect of the change supports the theory of the law of demand?

3. Why or why not?

4. Why did you change the price?

5. Do his reasons support the principles of the law of supply and demand?

6. If so, how? If not, why not? Adapted from Rogert L. Miller, Economics Today and Tomorrow, San Francisco: Canfield Press, 1978, page 131.

HANDOUT NO. 4: A CASE STUDY:
THE FARMER VERSUS THE LAW OF SUPPLY AND DEMAND

No farmer wants to produce unless he receives enough money from selling the things he produces (milk, meat, grain, etc.) to pay all of his costs and make a profit. Sometimes the farmer will continue to raise crops and livestock without making a profit in the hope that he will eventually gain enough profit to recover his previous losses. In recent years, it has become more and more difficult for the farmer to last through the low profit or non-profit periods because the costs of production have become so great.

The following hypothetical case will illustrate some of the problems farmers face in dealing with the forces of supply and demand. Let us assume that Mr. Brown, Mr. Green, Mr. Gray, Mr. Jones, and Mr. Harris are farmers in a county in Nebraska. They raise soybeans, milo, and cattle. They sell their crops at the same local elevator and sell their livestock at the same local sale barn. Prices tend to control production. For example, if the price of soybeans rises while the price of milo and cattle remains the same, Mr. Brown, Mr. Green, and Mr. Gray will plant a larger percentage of their land to soybeans and raise less milo and fewer cattle. If the price remains above the cost of production, Mr. Jones and Mr. Harris are likely to convert their crop-growing acres to soybeans and raise less milo and fewer cattle also. Thus, the production of soybeans will rise, and the production of milo and cattle will fall. So we can see that high prices tend to increase production.

In the autumn, the harvest begins and our farmers haul their soybeans to the elevator to sell. Gradually, the elevator acquires as many soybeans as it can use, so it lowers the price it is willing to pay for the soybeans. Now our farmers face a problem because they have created a condition known as a "buyer's market."

A buyer's market exists when demand (the quantity of soybeans the elevator wants) is not high, but the supply (the quantity of soybeans the farmers have) is high. The price of the soybeans dropped because all of our farmers changed to the production of soybeans and created too large a supply of soybeans. Now we can see that production tends to control price.

Milo and cattle are harder to obtain now that less milo and fewer cattle are available. The elevator and sale barn still need to acquire them in order to sell them to processors. The elevator raises the price of milo, and the sale barn raises the price of the cattle in order to encourage the farmers to bring in these products. This condition is known as a "seller's market" (demand is high and supply is low). Since the supply of milo and cattle has fallen, their prices have risen. As this trend continues, the farmers will change from raising soybeans to raising milo and cattle. The prices of these commodities will change again as the cycle of supply and demand is repeated again.

HANDOUT NO. 5: QUESTIONS TO ACCOMPANY THE CASE STUDY

1. What encourages the farmer to produce the things he produces?

2. Why has it become more difficult for farmers to endure periods of low profits or no profits at all?

3. How do prices tend to control production.

4. Why did Mr. Brown, Mr. Green, and Mr. Gray decide to grow more soybeans?

5. What economic principle was illustrated when Mr. Jones and Mr. Harris also decided to grow more soybeans?

6. How did the farmers create a "buyer's market"?

7. How does production tend to control prices?

8. What happened to the price of milo and cattle when the farmers decided to grow more soybeans? Why?

9. How was the "seller's market" created?

10. Explain the relationship of supply and demand to the price of soybeans.

HANDOUT NO. 6: POST-TEST FOR MARKETS, SUPPLY, AND DEMAND

Answer each of the following questions in writing.

1. In your own words, write an explanation of the law of supply and demand.

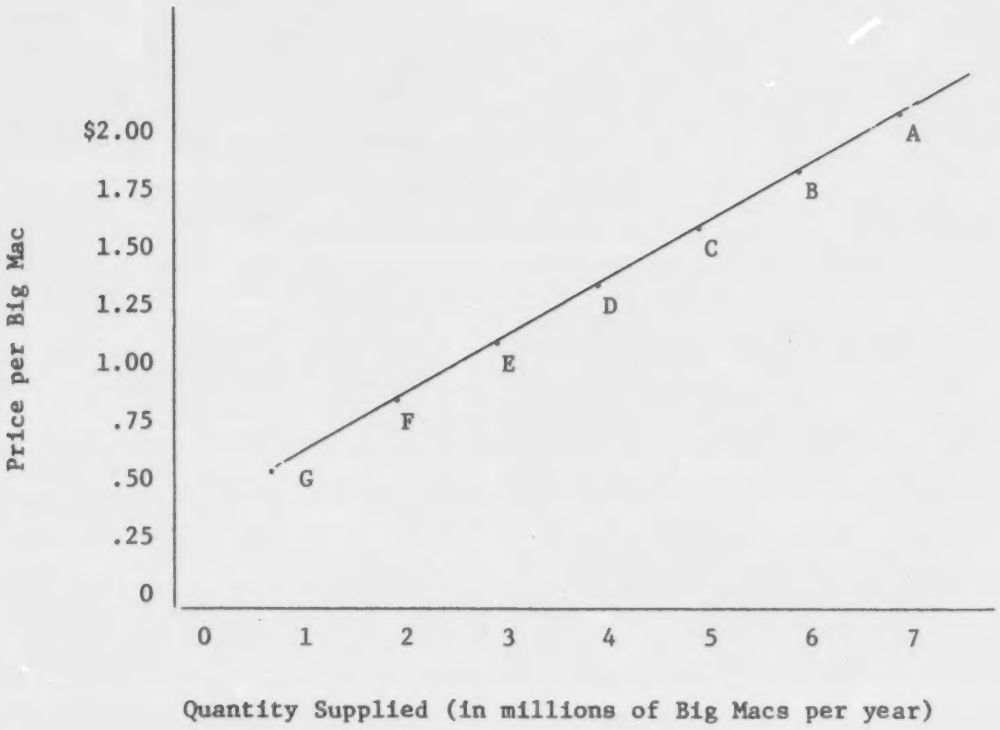
2. What is the main system that is used in the United States to decide which goods and services will be produced and who will receive them?

3. What are the main components of the market system?

4. What parts of this unit do you feel you've gained the most from?

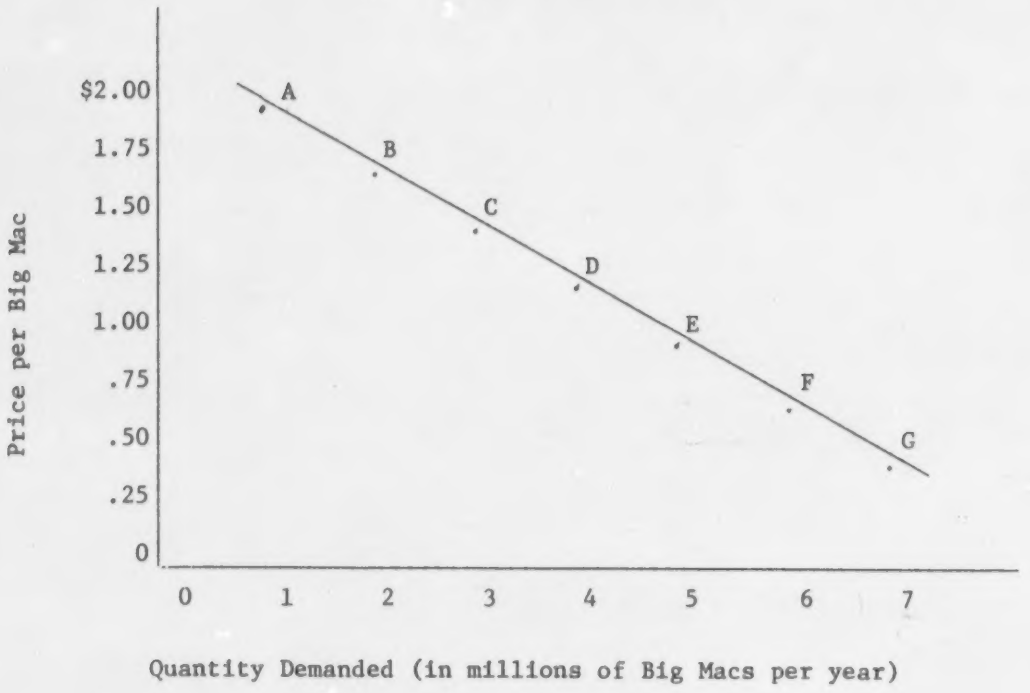
5. How could this unit be improved?

TRANSPARENCY A: SUPPLY CURVE



From Rogert L. Miller, Economics Today and Tomorrow, San Francisco: Canfield Press, 1978, page 127.

TRANSPARENCY B: DEMAND CURVE



From Roger L. Miller, Economics Today and Tomorrow, San Francisco: Canfield Press, 1978, page 124.

ANSWER KEYS

Handout No. 1: Pre-Test for Markets, Supply, and Demand

1. +	2. +	3. +	4. 0	5. 0	6. +	7. +	8. 0
9. +	10. 0	11. +	12. +	13. 0	14. 0	15. 0	16. +

Handout No. 2: Word Research Puzzle

1. market
2. demand
3. supply
4. price
5. buyers market
6. sellers market
7. elastic demand
8. monopoly
9. utility
10. consumer

Handout No. 5: Questions to Accompany the Case Study

1. The farmer produces in hopes of making a profit.

2. The farmer finds it hard to endure periods of low or no profit because of high costs of production.

3. Prices tend to control production in that high prices tend to increase production and low prices tend to discourage production.

4. They decided to raise more soybeans because the price was higher than for milo and cattle.

5. The principle is that when price remains above the cost of production, new competitors enter the market.

6. They created a buyer's market by creating more supply than the demand could handle.

7. Higher production tends to lower prices. Lower production tends to increase prices.

8. The price of cattle and milo rose because the supply of cattle and milo decreased due to the shift in production from cattle and milo to soybeans.

9. It was created by the decrease in supply and the accompanying rise in price.

10. The relationship of supply and demand to the price of soybeans could be stated as follows: when the demand is high and supply is low, the price rises. When the supply is high and the demand is low, the price falls.

UNIT IX

The Price Mechanism

by

James Wendland
Norfolk Junior High School
Norfolk, Nebraska

September, 1978

ABSTRACT

The following pages contain a concise one-week plan to make junior high students aware of the concept of the price mechanism. Students will examine the price mechanism and its relationship to the concepts of supply and demand. Students will be encouraged to observe fluctuations in prices and to discover why and how those changes occur. Hopefully, the effect of prices upon their lives will be demonstrated.

TIME REQUIRED

This unit is planned for junior high students who will deal with this topic for approximately five fifty-minute periods.

MAJOR TEACHING STRATEGIES

Classroom discussions and writing activities will be the major teaching strategies. Listing, comparing, drawing inferences, generalizing, and working in groups will also be used.

MATERIALS NEEDED

Materials needed for this unit will be given as a part of each daily lesson plan.

GENERALIZATIONS

When students have completed this unit, they should be able to make the following generalizations:

1. The price mechanism refers to market prices which are the principal ways of distributing scarce resources among the unlimited wants of the American people.
2. Prices are the indicators to producers, consumers, and workers which help them to decide which economic choices are the most rational and profitable decisions.
3. Prices convince the consumer to conserve or to limit his or her use of scarce resources.

OBJECTIVES

When the students have completed this unit, they should be able

1. To describe the role of price in the process of supply and demand.
2. To explain how the price mechanism functions.
3. To list several of the factors that determine price in the private enterprise system.

Lesson 1

Learning Terms for the Price Mechanism

Materials Needed

1. Handout No. 1: Pre-Test on the Price Mechanism, one for each student
2. Handout No. 2: Crossword Puzzle--Vocabulary Exercise
3. Transparency A: Supply and Demand Curves
4. Overhead projector

Teaching Strategies

1. Begin by administering Handout No. 1: Pre-Test on the Price Mechanism to students in order to determine the extent of their familiarity with some of the ideas related to the price mechanism.
2. Review the law of supply and demand at this point. This will serve to refresh students' memories about an integral part of the price mechanism.
   The law of supply and demand could be stated as follows: the price of products available (supply) and the need for these products (demand).
3. Transparency A: Supply and Demand Curves on the overhead or chalkboard to show how price is arrived at, what happens to price when demand increases, and what happens when supply increases.
4. Give each student a copy of Handout No. 2: Crossword Puzzle--Vocabulary Exercise. Use it as a vocabulary exercise.
5. Divide the class into small groups. For homework, assign each group a common food item (such as bread, milk, sugar, etc.) to price at a local store.

Teacher's Notes

Teaching Strategies (con't)

Individual members of the group could be assigned to check the prices of the item at different stores.

Also have each group list the stores that offer trading stamps, contests to win cash prizes, coupons, or other means of attracting customers which could make the prices different.

This information should be tabulated later in the week. The groups could also check the local newspaper on the day that the stores offer "specials" to see if the price of the item has changed.*

Remind students to be prepared to compile their findings during Lesson 3.

*A similar activity appears in Warmke, Wyllie, Wilson, and Eyster, Consumer Economic Problems, Cincinnati: South-Western Publishing Co., 1971, page 333.

Teacher's Notes

Lesson 2

Eggs and the Price Mechanism

Materials Needed

1. Handout No. 3: A Case Study--Eggs in the Price Mechanism
2. Handout No. 4: Questions For A Case Study--Eggs in the Price Mechanism
3. Answer Key for Handout No. 4

Teaching Strategies

1. Give each student a copy of Handout No. 3. Ask students to read the Case Study silently.
2. Give each student Handout No. 4. Ask students to answer the questions in writing.
3. When most students have completed answering the questions, begin a discussion of the Case Study. Use the questions as organizers.

Teacher's Notes

Lesson 3

Why Prices Do Not Remain Constant

Materials Needed

Both old and new copies of the business sections of large city newspapers, The Wall Street Journal, Business Week, Newsweek, etc.

Teaching Strategies

1. Ask the small groups which were assigned to check the prices of food items during Lesson 1 to compile their results.
2. Following this activity, conduct a class discussion of the results of this research. Ask why prices varied.
3. Have the students prepare three lists of items.
   a. One list should be of the things consumers will buy almost regardless of price.
   b. One list should be of things consumers will tend not to purchase if prices rise sharply.
   c. The third list should consist of things consumers will quit buying if substantial price raises go into effect.

   Have the students discuss the lists and describe the types of items in each list. The students should try to arrive at some conclusions that deal with the relationships between prices, demand for various goods, and the nature of people's needs.
4. Have the students research the business sections of large city newspapers, The Wall Street Journal, Business Week,

Teacher's Notes

Teaching Strategies (con't)

Newsweek, etc. for articles about the prices consumers pay. Have them make a study of such articles (going back 6-8 weeks) to find out the reasons given for price increases or decreases during that time.

5. Students can prepare a report on the trends in consumer prices and the reported reasons for their changes or lack of change. This report can be in graph form or in a narrative.

Some of these strategies were taken from Warmke, Wyllie, Wilson, and Eyster, Consumer Economic Problems, Cincinnati: South-Western Publishing Co., 1971, page 333.

Teacher's Notes

Lesson 4

Practical Reasons for Product Pricing

Materials Needed

No special materials except videotaping equipment will be necessary. However, some advanced organizing will be necessary.

Teaching Strategies

1. Ask a store manager/owner to be a guest speaker. (Perhaps a videotape could be made of his appearance to show some classes if he is pressed for time.) This will take some advanced organizing and explaining about what activities have preceded his appearance so that the speaker will understand what the students have just studied.
2. The speaker can be asked to explain how he or she arrives at the prices of some of the items in his store.
3. Ask the speaker to explain when and why some prices are changed, why some changes are temporary or permanent.
4. Ask how these changes reflect the law of supply and demand.
5. Perhaps the owner can describe his efforts to meet the price competition provided by other merchants.
6. Try to allow time for the students to ask questions. Students can prepare questions as he talks or they can have them already prepared.

Teacher's Notes

Lesson 5

Evaluation--The Price Mechanism

Materials Needed

1. Handout No. 1: Pre-Test on the Price Mechanism
2. Handout No. 5: Post-Test on the Price Mechanism

Teaching Strategies

1. Through a brief discussion, reinforce the idea of the law of supply and demand and its effect on prices.
2. With the students, orderly review the main points that the speaker made during Lesson 4.
3. Review the operation of the price mechanism. It is the principal means of distributing scarce resources among the unlimited wants of the American people. The issue of health care costs can be cited as an example of how this principle works.

   Prices indicate to the various segments of the economic system which economic decisions are the most rational and profitable ones to make. The case study provided in this unit can be referred to in order to illustrate this point.
4. Allow students to describe their graphs or to read their narrative reports on consumer prices. They prepared this report in Lesson 3.
5. a. Give each student a copy of Handout No. 1 and a copy of Handout No. 5.
   b. Ask them to complete these two tests.

Teacher's Notes

Teaching Strategies (con't)

c. After the students have finished, correct the tests in class so that students will have immediate feedback. It is especially important that students compare their scores on the Pre-Test from Lesson 1 with their scores on the same test during Lesson 5. This score will give you some indication about how well students learned the material on The Price Mechanism.

Teacher's Notes

BIBLIOGRAPHY

Bowden, Elbert V. Economics: The Science of Common Sense. Second Edition, Cincinnati: South-Western Publishing Co., 1978, pages 289-305

Hansen, Bach, Calderwood, Saunders. A Framework for Teaching Economics: Basic Concepts. New York: Joint Counil on Economic Education, 1977.

Myers, Dwain. Economic Concepts for Nebraska's Junior High School Students. Lincoln: Nebraska Department of Education, 1978.

Warmke, Wyllie, Wilson, Eyster. Consumer Economics Problems. Eighth Edition, Cincinnati: South-Western Publishing Co., 1971, pages 315-333.

APPENDIX

Unit IX

The Price Mechanism

by

James Wendland

HANDOUT NO. 1: PRE-TEST ON THE PRICE MECHANISM

Place a plus before each true statement and a zero before each false statement.

____ 1. The price system is the method by which consumers exchange labor for goods and services through the use of money.

____ 2. When money is plentiful, prices tend to be low.

____ 3. High prices encourage the production of more goods.

____ 4. When prices are higher than "normal," it causes the industry to expand.

____ 5. Demand does not reflect people's choices.

____ 6. Supply reflects scarcity.

____ 7. The more we are willing to pay for something, the lower our demand is.

____ 8. When the price of something rises, people buy less of it.

____ 9. When the price of something rises, some people will buy a cheaper substitute.

____ 10. The lower the price of something, the more people will buy.

____ 11. When too much of a good is supplied, a shortage exists.

____ 12. When too much of a good is demanded, a surplus exists.

____ 13. The equilibrium price is the price at which the buyers are willing to buy just exactly as much as the sellers are willing to sell.

____ 14. Wages and salaries could be called the price of labor.

____ 15. A change in demand can cause a change in price.

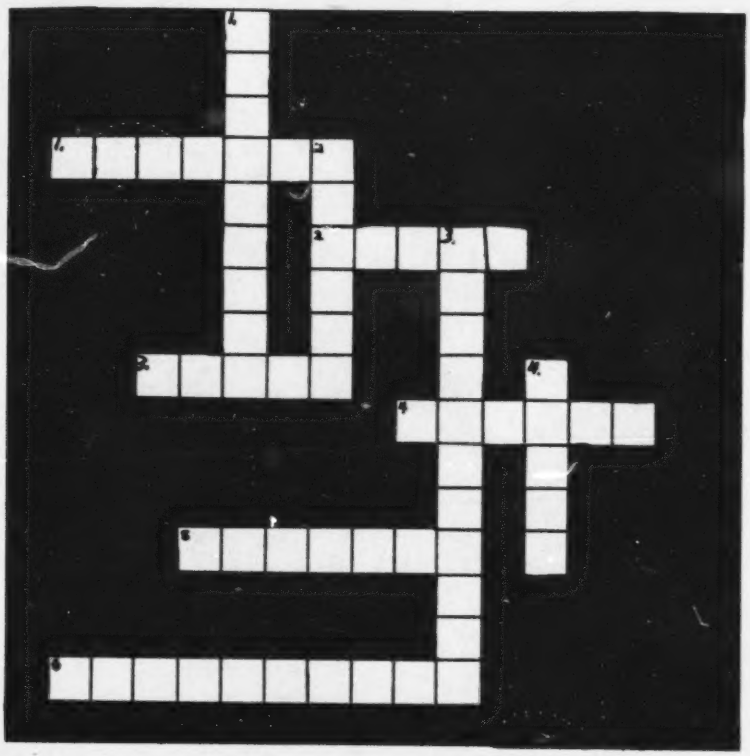
____ 16. Price conserves the use of existing goods.

____ 17. Changes in price affect where workers work.

____ 18. Changes in price affect how savings are invested.

The sources for these questions were Bowden, Elbert V., Economics: The Science of Common Sense, Second Edition, Cincinnati: South-Western Publishing Co., 1978, pages 289-305, and Warmke, Wyllie, Wilson, Eyster. Consumer Economics Problems, Eighth Edition, Cincinnati: South-Western Publishing Co., 1978, page 331.

HANDOUT NO. 2: CROSSWORD PUZZLE--VOCABULARY EXERCISE



Across

1. A _____ exists when too much of a good is produced.
2. The _____ system is the method by which consumers trade labor for goods through the use of money.
3. When _____ is plentiful, prices tend to be high.
4. The wants and desires of consumers create _____.
5. _____ spending means that more money is spent than is taken in.
6. One of the factors affecting price is the cost of _____.

Down

1. _____ is a rapid rise in prices caused when wages increase faster than production.
2. Prices vary according to the law of _____ and demand.
3. _____ is created when people vie against one another for limited resources.
4. _____ and salaries can be called the price of labor.

NOTE: It may be necessary to provide a list of the terms for students to draw from.

HANDOUT NO. 3: A CASE STUDY--EGGS IN THE PRICE MECHANISM

For the purposes of exploring the working of the price mechanism, we will examine the following hypothetical case. Let us assume that Mr. Brown, Mr. Green, Mr. Gray, Mr. Jones, and Mr. Harris are farmers in a county in Nebraska. Mr. Brown and Mr. Green maintain large flocks of chickens in order to produce eggs, which they sell to local grocery stores for $.75 per dozen. Mr. Gray, Mr. Jones, and Mr. Harris raise soybeans, milo, and cattle, which they sell to local buyers.

A new factory moves into the main town in the county and causes an influx of several hundred employees who settle in the town. The increase in population causes the demand for eggs to increase. The quantity of eggs that the grocery stores want to buy from Mr. Brown and Mr. Green increases, creating a shortage of eggs. This shortage of eggs drives the price up to $1.50 per dozen as the grocers compete for the limited supply of eggs. This price causes the quantity of eggs demanded to drop. One reason is that some of the consumers cannot afford to pay that much for eggs; they stop buying eggs and buy breakfast food instead. Other people continue to buy eggs but purchase fewer of them. The people who really like eggs (and can afford to) continue to buy them at the same rate.

Since the price of eggs has risen to $1.50 per dozen, the farmers who are producing them expand their operations in order to increase their profits. When Mr. Gray, Mr. Jones, and Mr. Harris learn of the big profits being made by the other two farmers, they begin producing and selling eggs. As each new producer adds eggs to the market, the total supply increases. Eventually, a surplus is created. As the supply grows, the price moves downward. The supply continues to increase, and the price drops until the "normal" price is reached. As the price drops, Mr. Gray, Mr. Jones, and Mr. Harris cut back their production of eggs since it is no longer profitable for them to continue egg production. The industry has now returned to the equilibrium price. (This occurs when the price the consumers are willing to pay equals the supply the sellers are willing to sell.)

We can see that the price of eggs acted as an indicator to everyone in the economy. When the price rose, it indicated to the farmers that a scarcity (shortage of eggs) existed. They responded by expanding their operations in order to produce more eggs. The farmers who hadn't been producing eggs entered the competition. When the price fell, the producers (farmers) received a signal to cut back production. The store owners were affected by the price change also. When they couldn't get enough eggs to meet the demand, they had to raise the price in order to obtain a bigger supply for their customers. When the customers slowed their purchases of eggs because of the higher prices, the owners had to lower the price in order to get rid of the eggs they had purchased from the farmers. When the price was high, the customers had to decide if they could continue to purchase eggs or if they had to buy a substitute. When the price was low, the customers could buy as many eggs as they needed.

Some of the ideas which were used in the development of this case study came from Bowden, Elbert. Economics: The Science of Common Sense, Second Edition, Concinnati: South-Western Publishing Co., 1978, pages 289-305.

HANDOUT NO. 4: QUESTIONS FOR A CASE STUDY--EGGS IN THE PRICE MECHANISM

1. How did the change in the town's population affect the price of eggs? Why?

2. What happened to the production of eggs when the price rose? Why?

3. What happened to the customers' demand for the eggs when the price went up to $1.50 per dozen?

4. How did different customers react to the price increase?

5. What do we call the situation in which there were not enough eggs for the people who wanted to buy them?

6. What do we call the situation in which there were more eggs than the people wanted to buy?

7. Why did the three farmers who weren't producing eggs decide to enter the market?

8. How did the price of eggs act as a signal to the members of the economy?

Some of the ideas which were used in the development of the case study came from Bowden, Elbert V. Economics: The Science of Common Sense. Second Edition, Cincinnati: South-Western Publishing Co., 1978, pages 289-305.

HANDOUT NO. 5: POST-TEST ON THE PRICE MECHANISM

Answer the following questions in written form.

1. In your own words, write an explanation of how the price mechanism works.

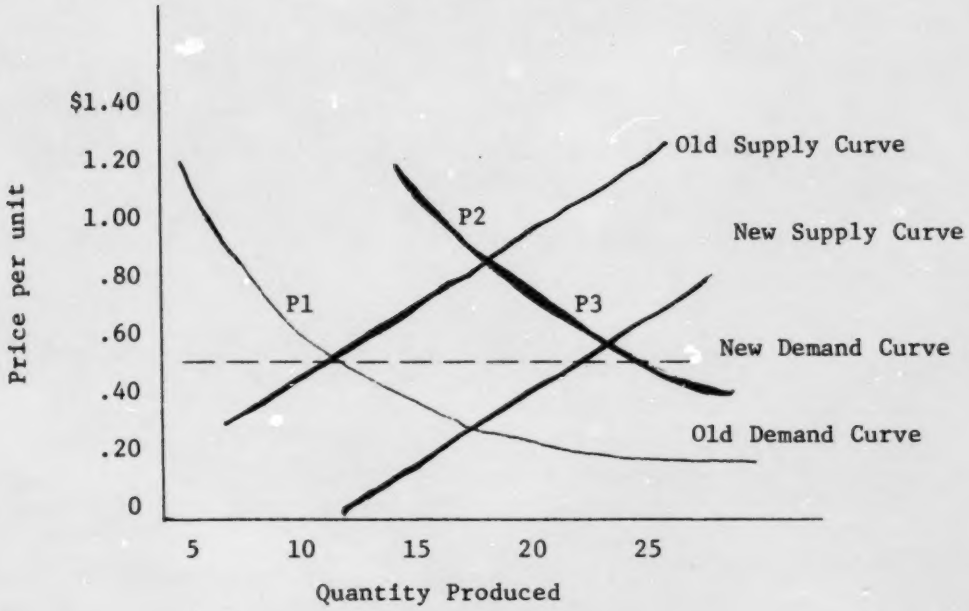
2. In your own words, explain how price acts as an indicator to different members of the economy. Give two examples.

3. Explain how prices conserve scarce resources.

4. What parts of this unit did you feel you gained the most from?

5. How could this unit be improved?

TRANSPARENCY A: SUPPLY AND DEMAND CURVES



1. P1 is where demand and supply meet. This is the price at which buyers are willing to buy and sellers are willing to sell.

2. P2 is the new price. When the demand for the product increases, it forces the price to rise as consumers compete for the limited supply.

3. P3 is the price after the supply increases to meet increased demand. The price falls since competition lessens due to the greater availability of the product.

ANSWER KEYS

Handout No. 1: Pre-Test on the Price Mechanism

1. +	6. +	11. 0	16. +
2. 0	7. 0	12. 0	17. +
3. +	8. +	13. +	18. +
4. +	9. +	14. +	
5. 0	10. +	15. +	

Handout No. 2: Crossword Puzzle--Vocabulary Exercise

Across:

1. surplus
2. price
3. money
4. demand
5. deficit
6. production

Down:

1. inflation
2. supply
3. competition
4. wages

Handout No. 4: Questions for a Case Study--Eggs in the Price Mechanism

1. The increase in population raised the price of eggs because the demand for eggs was increased.

2. Egg production increased because the rise in price encouraged the farmers to increase production in hopes of making more profits

3. Demand dropped because of some of the customers could not afford to pay such a high price.

4. Some customers continued to buy at the new price. Some bought a substitute, and some bought fewer eggs.

5. The situation that existed at that point is called a shortage.

6. This situation is called a surplus.

7. Higher prices encourage the production of more goods. The three farmers followed this principle in the hope of making high profits.

8. Price told the farmers to increase and then to decrease production. Increased prices forced the customers to make the decision of whether or not to continue buying eggs. Competition between the grocers forced them to raise the price to get the eggs from the farmers and later to lower the price in order to continue selling eggs.